



Daily Report

China

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General

Foreign Ministry Holds Weekly News Conference

Spratlys Trip 'Provocation'

HK1805101995 Hong Kong AFP in English
0903 GMT 18 May 95

[FBIS Transcribed Text] Beijing, May 18 (AFP)—China lashed out Thursday [18 May] at attempts by some countries to stir up tensions in the South China Sea, while stressing that a territorial dispute over the Spratly islands would not affect international shipping. "We do not wish to see tension in the situation because of denatured facts and intentional exaggerations," Foreign Minister Qian Qichen was quoted as telling visiting Vietnamese Foreign Minister Nguyen Manh Cam, whose country is one of six with partial or total claims on the oil-rich archipelago. Qian's outburst came after a Philippine navy ship was involved in a tense one-hour stand-off with two Chinese fishing vessels at the weekend, under the eyes of a group of journalists taken to the disputed Mischief Reef by the Philippine authorities.

The press trip was angrily criticised by the Chinese foreign ministry, whose spokesman, Shen Guofang, accused Thursday other Spratly claimants of behaving irresponsibly. "The issue has been played up, and we don't want to see the situation in the area become intensified because of reports that distort the facts," Shen told a weekly press briefing. Earlier in the week, Shen had called the press trip a media show and a provocation, and warned Manila that it had "underestimated" China's patience.

The Spratlys are claimed wholly or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. At the same time, Qian made it clear that the dispute should not be allowed to affect international shipping routes and flight paths in the region. "China's action to safeguard its sovereignty over the islands, and its relevant maritime rights and interests there, does not affect the freedom or safety of foreign vessels or aircraft."

Shen reiterated Beijing's call for joint development of the Spratlys, while warning that China's stance on safeguarding its sovereignty and territorial integrity "is a firm one and not something to be compromised."

On Spratlys 'Navigation Right'

OW1805104795 Beijing XINHUA in English
1024 GMT 18 May 95

[FBIS Transcribed Text] Beijing, May 18 (XINHUA)—China hopes that the countries concerned would not affect the normal sailing of foreign vessels through

South China Sea because of the existing disputes, a Foreign Ministry spokesman said here today.

Shen Guofang made the remark at a weekly press conference when asked about China's attitude towards some recent reports that the "navigation right" in the South China Sea should not be violated due to the escalation of strained relations.

On the issue of the navigation rights in the South China Sea, Shen said the Chinese government holds a definite and clear-cut position, namely, China's action to safeguard its sovereignty over the Nansha islands [Spratly Islands] and the relevant maritime rights and interests will not affect navigation through and the freedom and safety of flights over the international waterway of the South China Sea in keeping with the international laws.

Views Intellectuals' Petition

HK1805112095 Hong Kong AFP in English
1043 GMT 18 May 95

[FBIS Transcribed Text] Beijing, May 17 (AFP) [date-line as received]—The Chinese government held off from condemning Thursday [18 May] a recent petition signed by 45 intellectuals that called for an end to the persecution of 1989 pro-democracy activists. "Chinese citizens have the right to present their various petitions to the relevant departments of China, and these departments shall in accordance with the laws and regulations handle these cases," foreign ministry spokesman Shen Guofang told a weekly press briefing. "However, I believe presenting such petitions should be done through the normal channels," he added.

The document was signed by 45 leading intellectuals, scientists and dissidents and sent Monday to President Jiang Zemin and head of the National People's Congress, Qiao Shi. Previous petitions have been strongly dismissed by the government, saying they were submitted by people who had lost their political rights through criminal activity and accusing them of acting with an ulterior motive.

Shen's remarks, however, were notably low key. "On the specific cases of these 45 people, I am not very clear if there are some among them who do not have their full political rights," Shen said. Analysts suggested that the authorities were wary of attacking the legitimacy of the petition, because of some of the distinguished signatories, including Wang Ganchang, the 88-year-old inventor of China's atomic bomb.

Seychelles President To Visit

*OW1805095595 Beijing XINHUA in English
0928 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) -- France Albert Rene, president of the Republic of Seychelles, will pay a state visit to China from 25 to 30 this month, at the invitation of Chinese President Jiang Zemin.

This was announced by Shen Guofang, spokesman of Chinese Foreign Ministry, here this afternoon at the weekly press conference.

Views British Official's Visit

*OW1805101495 Beijing XINHUA in English
0954 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — Chinese Foreign Ministry spokesman Shen Guofang said here today that the China trip by British Secretary of Trade and Industry Michael Heseltine will play a positive role in promoting bilateral trade and economic cooperation.

Shen made the remark when asked to comment on Heseltine's recent visit to China at the weekly news conference here today.

During Heseltine's stay in China, Premier Li Peng met with the Secretary and Chinese Trade Minister Wu Yi conferred with him on issues concerning bilateral trade, and some agreements were reached on economic cooperation and trade during the period.

Shen noted that China welcomes British business community to develop trade and economic cooperation with China through competitions on equal footing.

China attaches importance to its relations with Britain, and the crucial matter in improving and expanding them today is that the British side should no longer do anything harmful to such relations but be more pragmatic and take a real cooperative attitude with the Chinese side on the Hong Kong issue, reduce troubles and ensure Hong Kong's smooth transition, so as to facilitate the steady improvement and development of Sino-British relations, Shen said.

UN Envoy Notes Nation's Stand on Disarmament

*OW1705155895 Beijing XINHUA Domestic Service
in Chinese 1155 GMT 16 May 95*

[By reporter Gao Jian (7559 1017)]

[FBIS Translated Text] The United Nations, 15 May (XINHUA) — On 15 May, in a speech to a plenary session of the UN Arms Control Review Committee [cai jun shen yi wei yuan wei 5932 6511 1399 6231

1201 0765 2585], Ambassador Sha Zukang, head of the Chinese delegation, expounded China's stand on the three issues of nuclear disarmament, international arms transfers, and the third decade of disarmament.

On the issue of nuclear disarmament, Sha Zukang said: China has always maintained that the complete prohibition of nuclear weapons should be the chief objective, and that a convention on the complete prohibition of nuclear weapons should be formulated in the way the Convention on the Complete Prohibition of Biological Weapons and the Convention on the Complete Prohibition of Chemical Weapons were formulated. The treaty should provide for the complete prohibition and thorough destruction of nuclear weapons under effective international supervision.

He pointed out: We should take necessary steps to prevent threats from nuclear weapons before we can achieve the objective of completely prohibiting these weapons. Nuclear-weapon-states should undertake not to be the first to use nuclear weapons, or not to use or threaten the use of nuclear weapons against non-nuclear-weapon-states and nuclear-free zones; they should conclude treaties and international legal documents in accordance with these commitments.

He said: We should strive to conclude the "Comprehensive Nuclear Test Ban Treaty" through negotiations as soon as possible, and no later than 1996; and also conclude thorough negotiations on the "Convention Banning the Production of Fissionable Materials for Nuclear Weapons." These intermediate steps will help us achieve the ultimate aim of completely prohibiting and thoroughly destroying nuclear weapons.

On the issue of international arms transfers, Sha Zukang said: On the one side, China opposes uncontrolled international arms transfers, and advocates the elimination of the dumping of weapons without restraint in volatile regions, which jeopardizes regional and world security. In this regard, the responsibility lies with a handful of nations with the most developed military industries, and that are the biggest arms exporters. They must immediately exercise restraint and stop irresponsible transfers of weapons. On the other hand, China maintains that the legitimate right to self-defense bestowed on all countries by the "UN Charter" should not be infringed on when controlling weapons transfers. China has always held that international weapons transfers should help strengthen the self-defense capabilities of the recipient countries, and should not harm peace and security in the relevant regions and the world at large; that weapons transfers should not be used as an excuse to interfere with the internal affairs of a sovereign country. China has always adopted a prudent and responsible

attitude on weapons transfers. It has only transferred a very small amount of weapons and has strictly abided by the aforesaid principles.

Sha Zukang said: In recent years, illegal international weapons transfers have become a public nuisance in the international community, posing a serious threat to the unity, stability, and security of some countries. China favors resolute and forceful response to illegal weapons transfers by the international community. We advocate that all countries formulate rigorous weapons control measures, and work hard to eradicate this criminal activity that jeopardizes tranquility in the international community.

On the issue concerning the third decade of disarmament, Sha Zukang said: The review of the implementation of the "Declaration Announcing the Nineties As the Third Decade of Disarmament" is a new subject. China holds that the "declaration" is a programmatic document in the field of disarmament. It defines the common goal and task of the international community in promoting nuclear, chemical, and conventional weapons disarmament during the nineties.

He said: Thanks to the international community's joint efforts over the past five years, some of the objectives of the "declaration" have been achieved. For example, we have reached the "Convention on the Complete Prohibition of Chemical Weapons," and all signatories are making active preparations so that the "convention" will take effect as soon as possible. Other objectives of the "declaration" are being achieved as well. The disarmament conference is actively negotiating the comprehensive nuclear test ban treaty; negotiations on a convention banning the production of fissionable materials for nuclear weapons will soon commence.

He said that China welcomes these positive advances, but also pointed out that there is still a long way to go before the objectives of the "declaration" can be fully achieved.

Sha Zukang pointed out emphatically: Although countries with the world's largest and finest stockpiles of nuclear and conventional weapons have concluded some treaties on nuclear disarmament, they still bear special responsibility for disarmament. They should continue to work hard to conscientiously implement the disarmament agreements they have concluded, and undertake to reduce their nuclear arms by a bigger margin on that basis. This will create conditions for other nuclear-weapon-states to join the nuclear disarmament process.

Sha Zukang said: China holds that the conditions are now ripe for all nuclear-weapon-states to undertake to not be the first to use nuclear weapons, not to use or

threaten to use nuclear weapons against non-nuclear-weapon states and nuclear-free zones, and to conclude treaties and international legal documents in accordance with these commitments. These should be one of the important and priority disarmament goals during the nineties.

The UN Arms Control Review Committee meeting that began today will last until 30 May.

Problems Exist for Joint Development of Spratlys

*HK1705151195 Hong Kong LIEN HO PAO
in Chinese 21 Apr 95 p 9*

["Beijing observation" column article by Yun Shangfeng (0061 0006 7364): "Joint Exploitation of Nansha Islands Is Hardly Feasible"]

[FBIS Translated Text] Regarding the issue of the South Sea, the Chinese mainland is sticking to Deng Xiaoping's idea: Shelving the dispute over sovereignty and advocating joint exploitation. Foreign Minister Qian Qichen reiterated this stance when he was in New York.

Deng Xiaoping's idea was an extension of his mid-1980's advocacy of "one country, two systems" for solving the Hong Kong and Taiwan issues to international relations and foreign policy; Deng thought it was one of his innovations in international affairs.

However, just like the "one country, two systems," which has yet to be proved successful through practice, "shelving sovereignty for joint exploitation" has not had a successful experience over the past 10 years.

Recently, the Philippines and China quarreled again over the issue of the South Sea, and whether joint exploitation can win attention has once again caused doubts in some departments, including the military.

According to the 1982 UN Ocean Convention, China's territorial seas and the economic zones and continental shelf that should go under China's jurisdiction, should be 3 million square km, which equals one-third of the country's land.

Of the 3 million square km, the South Sea is the most important area. In this area which is called the "second Middle East," the offshore oil deposits are 78.7 billion tonnes, and the Nansha [Spratly] Islands have approximately 370,000 tonnes of phosphate deposits. The sea floor contains rich manganese, copper, tin, and other minerals, totalling hundreds of millions of tonnes. In addition, the annual catch is about 5 million tonnes.

According to statistics from the mainland's oil department, every year the Philippines, Malaysia, Brunei, and Indonesia exploit more than 150 million tonnes of oil

in the South Sea, surpassing the mainland's annual oil exploitation volume.

The mainland's military, oil department, and Hainan Province have complained about the senior level's policy towards the South Sea; they think that it is just not feasible to wait for so-called joint exploitation in diplomatic terms, and that if exploitation of the South Sea is not expedited now, it would be tantamount to abandoning exploitation.

Some experts have criticized that the leaders only see the 9.6 million square km and do not see the 3 million square km, and that this is a narrow concept of territory. The leaders have failed to view reaching out to the ocean and exploiting the ocean as an important link in the country's survival, survival of its children, and development; they have failed to plan from a strategic height.

In fact, in the past when various countries were developing armored gunboats, the Empress Dowager was spending enormous sums of money to build her huge Summer Palace, and in the 1960's and 1970's, when various countries vigorously exploited oceans, Mao Zedong was busy with his class struggle.

Inside the military, some persons have suggested that the trammels of Mao Zedong's coastal defense strategy should be smashed, the effort to build an aircraft carrier should be stepped up, and there should even be a campaign to urge each person in the whole country to donate one yuan to build an aircraft carrier. In the localities, some persons have suggested that different enterprises in the country should be allowed to jointly exploit the ocean; Hainan Province has suggested that Hainan and Taiwan should first join hands and cooperate in exploiting the South Sea.

GATT Group Meets on Beijing Membership Bid

*OW1805033695 Beijing XINHUA in English
0233 GMT 18 May 95*

[FBIS Transcribed Text] Geneva, May 17 (XINHUA) — The working party on China of the General Agreement on Tariffs and Trade (GATT) met here today to assess the informal consultations on China's GATT membership in the last 10 days.

Pierre Girard, chairman of the working party, told the meeting that the informal bilateral consultations between China and 20 of its trading partners were conducted in a positive atmosphere and cooperative manner.

He noted that progress has been achieved in some areas, but little headway has been made in some other areas, such as service trades.

Trade envoys of the United States, the European Union, Japan, Canada, Australia and New Zealand to the meeting agreed that the latest round of talks has been positive and constructive.

They also expressed the hope to participate in further negotiations.

At the request of the concerned GATT contracting parties, Girard proposed a fresh round of multilateral talks on China's accession protocol in the latter half of July.

China's chief negotiator Long Yongtu, who was the last speaker at the meeting, said that China is also willing to take part in further talks if the contracting parties show sincerity in pushing forward the negotiation process.

He stressed that a successful conclusion of the negotiation hinges on flexibility on the part of the contracting parties in future talks.

Long, China's minister assistant of foreign trade and economic cooperation, told reporters after the meeting that future talks would be tough despite some positive trends in the informal consultations.

"There is still a long way to go," he said.

The latest round of informal consultations opened in Geneva on May 8 and will last until this weekend.

South Pacific Forum Condemns Lop Nur Test

*LD1805090395 Melbourne Radio Australia
in English 0800 GMT 18 May 95*

[FBIS Transcribed Excerpt] The South Pacific Forum (SPF) has joined the growing list of organizations and countries to condemn Beijing's nuclear test at Lop Nur in western China earlier this week. The Forum urged Beijing to ban all future tests and observe the moratorium honored by the other world powers.

The SPF's acting secretary-general, Nikenike Vurobaravu, says it is disappointing that Beijing has again chosen to ignore world opinion by detonating a device.

Correspondents say there is further concern by South Pacific nations that the Chinese test, measuring between 40 and 150 kilotonnes of TNT, may increase political pressure in France to resume testing at Mururoa Atoll. [passage omitted]

U.S.-DPRK Talks To Be Held in Malaysia

*SK1805003795 Beijing China Radio International
in Korean 1100 GMT 17 May 95*

[FBIS Translated Text] On 15 May, Nicholas Burns, spokesman for the U.S. State Department, announced

that the United States and the DPRK will resume the negotiations for supplying light-water reactors to the DPRK in Kuala Lumpur, Malaysia, on 19 May.

The spokesman said Thomas Hubbard, deputy assistant secretary of state for East Asian and Pacific affairs, will lead the U.S. delegation while Vice Foreign Minister Kim Kye-kwan will lead the DPRK delegation.

Prior to this, the DPRK had proposed high-level talks and the United States agreed to resume the political negotiations between Robert Gallucci, assistant secretary of state, and First Vice Foreign Minister Kang Sok-chu.

However, Spokesman Burns revealed that in a recent letter to Gallucci, Kang Sok-chu said he cannot currently leave Pyongyang for the negotiations and proposed semi-high-level talks be held between the two sides.

To discuss the U.S.-DPRK negotiations, Gallucci had talks with ROK and Japanese officials in Seoul on 7 May and issued a joint statement confirming the ROK's central role in supplying light-water reactors to the DPRK as well as urging North Korea to change its stance regarding this issue.

The Berlin talks between the United States and the DPRK ruptured on 20 April when the United States adhered to its position that the DPRK should agree on the ROK's leading role in designing and building the light-water reactors.

Commentary on U.S.-Japanese Trade War

HK1705141895 Beijing RENMIN RIBAO in Chinese
12 May 95 p 7

[Commentary by staff correspondent Zhang Guocheng (1728 0948 2052): "Automobile War Starts Again between the United States and Japan"]

[FBIS Translated Text] Tokyo, 11 May (RENMIN RIBAO)—Overall, the reaction of various sectors in Japan was relatively calm when the news that the United States was applying sanctions against Japan arrived here at 0100 this morning. This is because, first, negotiations had broken down six days earlier, and Japan had been bracing itself for the news; and, second, over the last 20 years or so, trade friction between Japan and the United States has become so common that it is no longer exciting news.

The fact that the United States waited six days before it announced the sanctions was intriguing. As was expected, the sanctions are no ordinary ones, and, unlike their forerunners, smack of a battle of wits with Japan. There are two things in the U.S. sanctions which were announced today: First, allegations have been filed with the World Trade Organization [WTO] regarding the

restrictive nature of the Japanese market; and, second, a list of Japanese imports into the United States to be hit by punitive tariffs have been drawn up and will be announced after Clinton has returned from Russia.

The United States and Japan have waged an automobile trade war for more than a decade, and each round began with U.S. pressure and concluded with concessions by Japan.

In the early 1980's, under U.S. pressure, Japan voluntarily capped its automobile exports to the United States. In the 1990's, again under U.S. pressure, Japan expanded the retail network for U.S.-made cars in Japan and pledged to import \$19 billion worth of U.S.-made auto spare parts and components by the end of 1994.

However, there have not been any noticeable improvements in the U.S.-Japanese automobile trade. Last year the U.S. trade deficit was \$160 billion, \$65.6 billion of which was with Japan. Of this trade deficit, automobile and automobile-related trade accounted for \$36.1 billion. Such a negative trading situation makes the United States very impatient.

Apart from trade surpluses and deficits, the United States and Japan also have other respective considerations concerning the automobile trade war.

The United States has taken political factors into account. The presidential elections will be held next year. To demonstrate its administrative skill and position itself better for the elections, the Clinton administration is eager to win at the automobile talks and improve the U.S. economy by cutting the trade deficit with Japan. In previous economic disputes, U.S. administrations have been able to force Japan to knuckle under. With such a precedent, Clinton cannot afford the criticism that he has achieved nothing.

Japan's main concern is its overall economic structure. Japan lives on trade. The automobile industry is the backbone of its foreign trade and manufacturing. A bad decision regarding the automobile industry will have an enormous impact on Japan's economy. The yen's recent rapid appreciation has led to stagnation in automobile exports and domestic sales and has put the Japanese auto industry in great difficulty. Many automobile plants have had to shut down part of their production facilities and lay off workers. Under this situation, it would be another blow to the Japanese automobile industry if Japan accepted the 10 to 20 percent purchase growth rate proposed by the United States in the talks.

The above explains why the United States has taken this automobile trade war as a key battle in U.S.-Japanese trade as well as why Japan has been defending the

automobile trade as a lifeline for its trade with the United States.

Japan has not shown the slightest sign of weakening, from the breakdown of the talks up to today's announcement of sanctions. In a speech delivered today, the Japanese Minister of International Trade and Industry again stressed that the responsibility for failure to reach an agreement on auto trade lies with the United States; he regretted the U.S. sanctions against his country but pointed out that the U.S. action violates the fundamental spirit of the WTO.

The Japanese Auto Industry Association made an announcement today asserting that the United States has no right to demand foreign governments to intervene in companies endowed with an independent legal entity. Concerning U.S. allegations of the restrictive character of the Japanese market, the association pointed out that, last year, European cars made up 3.6 percent of the Japanese market, while U.S. cars accounted for 3 percent, and therefore the Japanese market was not restrictive, compared with the U.S. market. Falls in U.S. automobile exports to Japan were the result of a poor marketing drive by U.S. automobile manufacturers.

Over the last few days, leaders of the Japanese automobile industry have been meeting with government leaders to express their hopes that the government would stand by its position and not yield to the United States. Some Japanese media have even claimed that it is time that the pattern of "U.S. pressure and Japanese concessions" was brought to an end.

The trade war triggered by automobile trade problems between the United States and Japan is now unfolding and is expected to last for a long time.

UN Security Council Asks Croatia To Withdraw Troops

*OW1805010495 Beijing XINHUA in English
2343 GMT 17 May 95*

[FBIS Transcribed Text] United Nations, May 17 (XINHUA) — The UN Security Council on Wednesday [17 May] demanded that Croatia complete without further delay a withdrawal of all its troops from UN-patrolled buffer zones.

The Security Council made the demand after reports that the Croatian Army had failed to complete the withdrawal from the zones by their self-imposed Tuesday night deadline. Croatian President Franjo Tudjman announced on Tuesday the government army would pull out by 11 p.m. (2100 GMT) the same day.

In a unanimously adopted resolution, the Council said it noted with satisfaction the steps taken so far by

Croatia as to meet the requirements by the Council in its presidential statements of May 1, 1995 and May 4, 1995.

But it demanded that Croatia complete without further delay the withdrawal of all their troops from the buffer zones and refrain from any further violations of those zones.

It also demanded that the Government of the Republic of Croatia respect fully the rights of the Serb population including their freedom of movement and allow access to this population by international humanitarian organizations.

The Croatian Army entered the UN-patrolled buffer zones after launching a successful offensive on May 1 against minority Serbs. The council has been asking them to withdraw from the zones.

Central Eurasia

Further on Russian Defense Minister's Visit

Jiang Zemin Meets Grachev

*OW1805013895 Beijing XINHUA Domestic Service
in Chinese 0404 GMT 17 May 95*

'By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 17 May (XINHUA) — President Jiang Zemin, on an inspection tour in another part of the country, recently met visiting Russian Defense Minister Senior General Pavel Grachev and his party. [Beijing XINHUA Domestic Service in Chinese at 1351 GMT on 17 May transmits a service message correcting this item and changing title to "President and Chairman of the Central Military Commission Jiang Zemin"; XINHUA Domestic Service at 1647 GMT transmits a service message canceling this correction].

At the beginning of the meeting, Grachev conveyed Russian President Yeltsin's greetings to President Jiang Zemin. He said: President Jiang Zemin recently attended celebration ceremonies in Moscow marking the 50th anniversary of victory in the Antifascist War and delivered warm, sincere, and friendly speeches that attracted the attention of people of the world.

Grachev said: China and Russia enjoy traditional friendly relations, and the two countries forged a profound friendship during the Antifascist War 50 years ago.

Russian Government and military leaders attach great importance to developing relations with China and hope to make concerted efforts to continually promote the growth of such ties.

President Jiang Zemin welcomed Grachev on his visit to China and asked Grachev to convey his regards to President Yeltsin.

President Jiang Zemin reviewed his visit, at President Yeltsin's invitation, to the celebration ceremonies in Moscow marking the 50th anniversary of victory in the Antifascist War. He said he was very happy to share the joy of the grand celebrations with the Russian people, and added that his talks with President Yeltsin were "frank, sincere, friendly, and fruitful."

Commenting on bilateral relations, President Jiang Zemin said: Jointly gearing toward the 21st century, and pursuing the five principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence — both China and Russia are now forging new relations that are nonconfrontational, nonaligned, good-neighborly, mutually beneficial, and cooperative; and that can be compared to those of good neighbors, good partners, and good friends who are striving for common prosperity. He said: The new relations between China and Russia have not come easily and should be sustained and developed further.

At the end of the meeting, President Jiang Zemin wished Grachev and his party complete success on their visit to China.

Their meeting was cordial and friendly.

Also attending the meeting were State Councilor and Defense Minister General Chi Haotian; General Xu Huizhi, deputy chief of general staff of the Chinese People's Liberation Army; and General Gu Hui, commander of the Nanjing Military Region.

Military Relations 'Solid'

HK1705082495 Beijing CHINA DAILY in English
17 May 95 p 1

[By Xu Yang: "Russia, China In Joint Salute"]

[FBIS Transcribed Text] The military relations between China and Russia are solid, visiting Russian Defence Minister Pavel Grachev said yesterday in Beijing.

And Russia is determined to deepen and broaden the friendly ties between the two countries' military forces, a Chinese Defence Ministry spokesman quoted Grachev as saying to General Liu Huaqing, Vice Chairman of the Central Military Commission of the Chinese Communist Party.

The spokesman also quoted Grachev as saying that Sino-Russian relations are at a "new stage of fast development."

Grachev arrived in Beijing on Monday for a five-day official visit. He is leading a senior military delegation which includes commanders of the Russian Pacific Fleet the Air Force, the military information department and the international military co-operation department.

He said his visit is of the highest level, a claim supported by his meetings with top Chinese military officials such as Defence Minister Chi Haotian and Chief of Staff Zhang Wannian. And Grachev is scheduled to meet with President Jiang Zemin, who also serves as Chairman of the Central Military Commission, in Shanghai later today.

In his brief meeting with Grachev yesterday morning at the Diaoyutai State Guest House in Beijing, General Liu said the Russian delegation's China tour is of special importance as China and the world commemorate the 50th anniversary of the end of the Anti-Fascist War.

He said China has not forgotten the Sino-Russian friendship forged half a century ago, when the Soviet Union's Red Army launched a large-scale offensive on the Japanese occupation troops in Northeast China shortly after the Soviet troops and the Western Allied Forces defeated the fascists in Europe.

Grachev talked for about two hours with his Chinese counterpart Chi Haotian. Both of the ministers' senior entourages participated in yesterday morning's discussions in Beijing.

Kyrgyz President Receives PRC Ambassador

OW1705135095 Beijing XINHUA Domestic Service
in Chinese 0729 GMT 13 May 95

[FBIS Translated Text] Moscow, 13 May (Moscow) — According to a dispatch from Bishkek, Kyrgyz President Akayev said Kyrgyzstan will unwaveringly make new efforts to further develop the mutually beneficial and cooperative relations with the PRC.

Akayev made these remarks on 12 May after accepting credentials from Yao Peisheng, the new Chinese ambassador to Kyrgyzstan.

Akayev expressed satisfaction over the smooth development of Sino-Kyrgyz relations since establishment of diplomatic relations between the two countries more than three years ago. He said: Premier Li Peng's visit to Kyrgyzstan last year has raised bilateral relations to a new level. Kyrgyzstan and China are close neighbors; the prospects of cooperation between the two countries in the economic, trade, and other fields are broad.

Southeast Asia & Pacific**Singaporean Prime Minister Visits Hubei**

*OW1705144195 Beijing XINHUA in English
1341 GMT 17 May 95*

[FBIS Transcribed Text] Wuhan, May 17 (XINHUA) — Visiting Singaporean Prime Minister Goh Chok Tong arrived in this capital city of central China's Hubei Province after concluding his stay in Chongqing of Sichuan Province.

During tonight's meeting with Jiang Zhuping, governor of Hubei, Goh expressed his hope that Singapore would contribute to the development of the province and seek to promote trade between the two sides.

After the meeting, Goh attended a signing ceremony for the establishment of a Sino-singaporean joint venture and for the Changjiang Plaza to be built with investment from Singapore.

It was learned that investments of the two projects were 15 million yuan and 100 million US dollars, respectively.

During his stay in Chongqing, the second largest city of Sichuan, Goh said that Singapore would like to set up a coordination committee with Sichuan as part of the efforts to promote Singapore's ties with the province.

He said that Singapore would appoint a senior official to head the committee.

Governor Xiao Yang of Sichuan, voicing agreement, said his province would appoint a qualified official for the post, too.

Qian Views Spratlys With Vietnamese Counterpart

*HK1705143495 Beijing ZHONGGUO XINWEN SHE
in English 1342 GMT 17 May 95*

[FBIS Transcribed Text] Beijing, May 17 (CNS)—This afternoon, Qian Qichen, Vice-Premier and Minister of Foreign Affairs of China, said to Nguyen Manh Cam, Foreign Minister of Vietnam, that the Nansha (Spratly Islands) problem has been greatly exaggerated recently. China does not want to see a tense situation caused by distortion and exaggeration of facts. Seeing that the Nansha problem is so complicated that it cannot be solved within a short period, China will solve it step by step. Those problems that cannot be solved for the time being can be put aside temporarily, and then cooperative means will be sought with other parties.

Qian Qichen emphasized that China hopes the parties concerned will adopt a positive attitude towards the Nansha problem.

When talking about the problems between China and Vietnam, such as the problem concerning the border territory, Qian Qichen pointed out that if both parties can act from the maintenance of friendly relations between the two countries and abide by the understanding reached by the leaders of the two countries, the problem can be solved through consultations and negotiations.

Nguyen Manh Cam said that Vietnam agrees with the view of China that problems can be solved through peaceful negotiation. The countries which are directly concerned should not make the problem more complicated, but should solve it through consultations instead.

More on Qian, Minister

*OW1705143895 Beijing XINHUA in English
1425 GMT 17 May 95*

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that China hopes concerned parties can treat the Nansha Islands [Spratly Islands] issue with a constructive attitude.

In his talks this afternoon with visiting Vietnamese Foreign Minister Nguyen Manh Cam, in a friendly, frank and sincere atmosphere, the two touched upon the existing problems, such as territories and borders, between the two sides.

Qian said that these problems can be properly solved step by step through consultations and negotiations, so long as the two sides follow the understandings reached between the leaders of the two countries while taking into consideration the whole situation of maintaining bilateral friendly relations.

In response to the Nansha Islands issue, which has become prominent recently, Qian said, "We do not want to see a tense situation produced by distorted facts, intentional exaggerations and making a fuss over a trifling matter."

Since the issue is complicated and cannot be solved overnight, Qian pointed out, China holds that it can be gradually settled, with the easier points being settled first.

As to those that cannot be settled currently, Qian said that they can be left aside for the time being, and the two countries should seek ways for co-operation and joint exploration.

Expressing his agreement with China on the settlement of disputes through peaceful negotiations, Nguyen said that directly concerned countries should keep restraint to avoid making the issue complicated and seek settlement through consultations.

During the talks, both sides also reviewed the development of bilateral relations since Chinese President Jiang Zemin visited Vietnam in November last year, and expressed their satisfaction and pleasure at the development.

The two sides also exchanged, comprehensively and in-depth, opinions on further strengthening bilateral relations and economic and trade co-operation.

Qian said that since Jiang's visit to Vietnam last year bilateral relations have witnessed some new progress, and there have been more contacts between parties, governments, armed forces and non-governmental organs of the two sides.

Meanwhile, there has been a favorable development trend for bilateral economic and trade co-operation, with last year's bilateral trade volume increased by 34.1 percent over the year before, said Qian.

Moreover, two-way investment has been further expanded, and a Sino-Vietnamese committee on economic and trade co-operation is to go into operation, added Qian.

Nguyen noted that the Vietnamese side hopes that it can join hands with the Chinese side in further consolidating and developing bilateral economic and trade co-operation.

He said that Vietnam welcomes more Chinese entrepreneurs to invest and conduct economic co-operation in various forms in Vietnam, which will provide every convenience for them on the principle of equality and mutual benefit.

Both sides also exchanged views on regional and international issues.

On the Southeast Asian situation, Qian said that China wishes to see a continuous development of good-neighborly friendship and reciprocal co-operation among Southeast Asian countries, hoping that the acceptance of Vietnam into ASEAN, scheduled for July this year, will be conducive to safeguarding peace in the region and promoting economic development.

After the talks both sides signed an agreement on the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income.

Nguyen and his party are here at the invitation of Qian. He is leading the first Vietnamese delegation to visit China since the normalization of Sino-Vietnamese relations.

Australian Minister on East China Economic Ties

OW1705143595 Beijing XINHUA in English
1347 GMT 17 May 95

[FBIS Transcribed Text] Shanghai, May 17 (XINHUA) — Australia hopes to export more quality coal to east China and help upgrade power plant equipment there, Australian Minister of Resources David Beddall said today after a five-day tour of this region.

"We have made plans with some provinces and cities to strengthen co-operation," a source quoted Beddall as saying.

Beddall is heading a delegation of high-ranking officials in charge of the Australian coal and power industries on a tour of eastern China, an economically booming area.

Australia will consider providing equipment and technology related to environmental protection, power distribution systems and steel rolling, he said.

Some company officials with the delegation have seen investment opportunities after making contacts with local business people, and an iron and steel plant may be set up in Ningbo City in Zhejiang Province.

Australia will help train people in the coal, electric power, and harbor loading and unloading sectors, Beddall said.

Australia is the world's top coal seller, exporting 160 million tons each year. Every year it exports 300,000 tons of coke to Shanghai.

In addition, Australia is a major iron ore producer, supplying large amounts to the Shanghai Baoshan Iron and Steel Plant.

Sub-Saharan Africa

Science Minister Song Heads Kenya Delegation

Begins 7-Day Visit

OW1505123395 Beijing XINHUA in English
1138 GMT 15 May 95

[FBIS Transcribed Text] Nairobi, May 15 (XINHUA) — A 19-man Chinese government delegation led by senior official Song Jian arrived here today for a seven-day official visit to Kenya.

Song Jian, Chairman of the Environmental Protection Committee of the Chinese State Council, will attend the 18th Session of the Governing Council of the United Nations Environment Program (UNEP), which starts here today.

During his stay in Kenya, Song Jian, who is also Minister in charge of the State Science and Technology Commission, will pay a courtesy call to Kenyan President Daniel arap Moi and hold talks with some cabinet ministers.

Meets Environment Minister

*OW1705061995 Beijing XINHUA in English
0059 GMT 17 May 95*

[FBIS Transcribed Text] Nairobi, May 16 (XINHUA) — The Kenyan Government deeply understands and strongly supports China's foreign policy of not interfering in other countries' internal affairs, a Kenyan minister said here today.

Kenyan Minister for Environment and National Resources J.K. Sambu told visiting Chinese State Councillor Song Jian that Kenya shares China's non-interference view and feels encouraged about it.

Song Jian arrived in Kenya on Monday at the head of a Chinese delegation for the 18th session of the governing council of the United Nations Environment Programme.

The Kenyan minister said his country welcomes ideas and aid from foreign countries but that does not mean the country has to be subjected to external interference.

As a sovereign state, Kenya deserves respect and must follow President Daniel arap Moi's instruction to continue its efforts for that respect, the minister said.

The Chinese State Councillor praised Kenya for taking an independent road of development under the leadership of President Moi.

China is firmly opposed to the imposition of any foreign evaluation by any other countries, Song Jian said, agreeing that "this is a common view of China and Kenya."

The Chinese State Councillor also hailed the great success Kenya has achieved in promoting tourism and protecting wildlife.

The Kenyan minister expressed interest in cooperating with China in tourism and wished more and more Chinese would come to his country for tourism.

Environmental Accord Signed

*OW1705223995 Beijing XINHUA in English
1411 GMT 17 May 95*

[FBIS Transcribed Text] Nairobi, May 17 (XINHUA) — The Chinese and Kenyan governments today signed an agreement on the donation of about 120000 U.S. dollars worth of Chinese environment protection equipment to Kenya.

The agreement was signed here by Song Jian, State Councillor of the State Council of the People's Republic of China, and Minister for Foreign Affairs and International Co-operation Stephen Kalonzo Musyoka on behalf of their respective governments.

Song Jian is also the Chairman of the Environment Protection Committee of the State Council and the Minister of the State Science and Technology Commission of China. He arrived here on Monday [15 May] to attend the 18th session of the Governing Council of the United Nations Environment Programme (UNEP).

In addition, he is on a goodwill mission to the Republic of Kenya at the invitation of the Kenyan Government.

At the signing ceremony, Musyoka said he noticed that relationship between Kenya and China is very warm and has been strengthened since President Daniel arap Moi paid his third visit to China in May last year.

Song Jian paid high tribute to the achievements Kenya has made in developing its economy under the leadership of President Moi.

Qian, Namibian Foreign Minister Hold Talks

*OW1805100295 Beijing XINHUA in English
0938 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen and Namibian Foreign Minister Theo-Ben Gurirab exchanged views on bilateral relations and international issues of common interest during their talks here today.

On bilateral relations, Qian said that the friendship between China and Namibia has been built on a solid foundation.

Since China and Namibia forged diplomatic ties five years ago, bilateral relations have been growing smoothly and the two countries have conducted extensive cooperation in political, economic and other fields, Qian said.

He added that China is willing to work together with Namibia in an effort to further strengthen and develop the existing relations.

The vice-premier praised Namibia for properly settling the social problems left over from the colonial-ruled period and maintaining political stability by pursuing a policy of national reconciliation. Also, he said Namibia has achieved satisfactory results in developing the economy and improving its people's living standards.

Gurirab noted that Namibia established diplomatic relations with China soon after its independence and after

that the two countries have been conducting very good cooperation in various fields.

He said the Namibian government is willing to enhance the ties with China, particularly the multi-form economic cooperation, and that his government will continue to pursue the "one-China" policy.

Referring to the situation in the southern part of Africa, Qian noted that great changes took place in that region last year, with regional hot issues achieving great breakthrough.

South Africa completed its historic change which put an end to apartheid; the peace talks in Angola witnessed great development and the success of the general election in Mozambique brought the country into a new era of peace and development, Qian noted.

He continued that the recent meeting between Angolan President Jose Eduardo dos Santos and President Jonas Malheiro Savimbi of the National Union for Total Independence of Angola (UNITA) marks a positive step of Angola's peace process.

Qian noted that China is happy to see the positive changes in the situation in the southern part of Africa and attaches importance to the role of the Southern African Development Community (SADC) in promoting the unity and cooperation between countries in that region.

Gurirab briefed Qian on the latest development in southern Africa.

Sources said that the two foreign ministers reached agreement on a wide range of international issues.

Gurirab arrived here yesterday as Qian's guest.

After the talks, Qian hosted a luncheon in honor of Gurirab and his party.

In the afternoon, Gurirab paid an official visit to the Ministry of Foreign Economic and Trade Cooperation and talked with Yang Wensheng, assistant minister, on issues concerning China's aid projects in Namibia.

Political & Social**'Sources' Say Deng Xiaoping on Ventilator**

HK1805054195 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 p 1

[By Jasper Becker in Beijing]

[FBIS Transcribed Text] Deng Xiaoping is believed to have undergone a tracheotomy six months ago and is now on a ventilator, according to Chinese and diplomatic sources.

"This is quite believable and fits the picture of what we know from statements about his health," a Western diplomat said.

In a tracheotomy, the windpipe is cut, generally in order to introduce an artificial pipe attached to a ventilating machine. The operation is often performed to help someone unable to breathe unassisted.

A Western medical expert in Beijing said a range of medical conditions would require an artificial respirator. It could indicate that a patient has suffered brain damage, perhaps from a stroke, and so cannot control his breathing, or it might indicate throat cancer.

In the case of Mr Deng, who is 90 and known to have been a heavy smoker all his life, it is more likely that his lungs have collapsed.

"A ventilator is quite small — about half the size of a typewriter — so it is possible to shuffle around with difficulty. But a patient as infirm as Mr Deng would probably have to be in hospital with a nurse by his side 24 hours a day," the expert said.

If he had no other medical problems, Mr Deng would probably be looked after at his home in Beijing.

The ventilator would make speaking difficult but not impossible. Mr Deng might have a speaking valve inserted.

At his age, a tracheotomy would probably mean Mr Deng will be on a ventilator for the rest of his days. This would rule out any prospect that he will ever again appear in public.

He was last seen on television at the 1994 Spring festival.

Further Reportage on Intellectuals' Petition**'Corruption', 'Abuses' Discussed**

HK1705091595 Hong Kong AFP in English
0836 GMT 17 May 95

[By Gilles Campion]

[FBIS Transcribed Text] Beijing, May 17 (AFP) — Intellectuals who have petitioned the Chinese authorities to end persecution of 1989 democracy activists said Wednesday they had acted because corruption and rights abuses have never been so bad.

Some have already reported that police surveillance on them has already been stepped up since the document was sent on Monday.

"We decided to send this petition to the government now because we think the situation in our country has become sufficiently serious to try to change things," said Professor Xu Liangying, 75, a science researcher at the Academy of Sciences.

Xu wrote the petition calling for greater democracy and a reversal of the official verdict on the 1989 democracy movement as "counter-revolutionary."

The document was signed by 45 leading intellectuals, scientists and dissidents and sent Monday to President Jiang Zemin and head of the National People's Congress, Qiao Shi.

Other signatories include Wang Gangchang, the 88-year-old inventor of China's atomic bomb, translator Yang Xianyi, and four leading dissidents including Wang Dan and Liu Nianchun.

It is the first time since the crushing of the Tiananmen Square movement in 1989 that such a high number of leading figures have signed such a petition. But the move comes at a time of growing political uncertainty in China — the fading health of paramount leader Deng Xiaoping and strife caused within the Communist Party by corruption scandals.

Yang Xianyi, 81, agreed that "the situation has worsened" in China. "In 1989, before June 4, I signed several petitions in favour of human rights and democracy. Since then I have not said anything.

"I decided to do so today because I think corruption has worsened and the human rights situation has not improved," he told AFP.

Most of the signatories are university researchers and professors at the Academy of Sciences, none of whom have made political statements since the students were crushed in Tiananmen Square.

"I believe the situation has become so serious that scientists and intellectuals can no longer remain indifferent," said Wang Dan, one of the student leaders.

"Through this petition they wanted to express their concerns," said Wang, now 26, who has been under close police surveillance for the past year.

He said that on Monday afternoon, after the petition was sent, the police presence outside his home increased from two to nine people. There is also a police car permanently parked outside his building, he added.

Another signatory, Ding Zilin, a 58-year-old university researcher, also said police were more visible and that she was followed wherever she goes.

Analysts and diplomats said the recent deposing of Beijing party chief Chen Xitong over corruption scandals could indicate an eventual revision of the judgement of Tiananmen demonstrators. Chen was a leading figure in the ordering of the crackdown in 1989.

Dozens of dissidents who called for greater political freedom in the 1989 demonstrations remain in jail.

Wang Dan said though that Chen's downfall was the result of a "power struggle that has nothing to do with any revision of the Tiananmen events. I can see no sign of any such change by the government."

The writer of the petition also said he could not see signs of any profound change in the attitude of the authorities toward the demonstrations. "We have been demanding a revision for a long time but we do not think a petition will be enough," said Xu.

Wang Dan, and some of the other signatories, said they might take part in other actions or petitions to pursue their campaign. "Nothing is planned at the moment but if the government steps up the pressure there will certainly be a reaction," said the dissident.

'Full Text' of Petition

HK1805095895 Hong Kong LIEN HO PAO
in Chinese 18 May 95 p 10

[By staff reporter: "Full Text of Petition by 45 Intellectuals"]

[FBIS Translated Text] An open signature letter by 45 mainland intellectuals, including noted scientists, scholars, and authors, on the theme of tolerance calls for a reassessment of the 4 June incident and for the resolute ending of China's inglorious tradition of imprisoning authors for writing things considered offensive by the authorities [wen zi yu 2429 1316 3739]. Of the signatories, four are old intellectuals exceeding 80 or 90 years old; namely, Wang Ganchang, Lou Shiyi, Yang Xianyi,

and Zhou Fucheng. Other noted signatories include Wu Zuguang, Xu Liangying, Ding Zilin and her husband, Wang Ruoshui, Bao Zunxin, and Wang Dan. The following is the full text of the petition:

Usher in the United Nations Year of Tolerance and Call For Tolerance at Home.

On 10 December 1993, the UN General Assembly passed a resolution announcing that 1995 is the UN Year of Tolerance in order to mark the UN's 50th anniversary and further the basic spirit reflected in UN's goals: that of tolerance. As a founding member of the United Nations and a UN permanent member possessing the power of veto, China should conscientiously implement the resolution so that the spirit of tolerance, which is comparatively rare in China, can take root and grow in China's politics, thought, religions, culture, education, and other areas.

Tolerance is a sign of civilization of mankind and is the foundation and premise of modern civilization. In the protracted struggle against the feudal theocratic and autocratic rule in the Middle Ages, western enlightenment thinkers came to understand the importance of tolerance. Since obtaining political autonomy, they and their successors have not taken the beaten track of autocratic dynasties over the previous generations but consider it a cardinal principle for their countries to respect the basic human rights and freedom of citizens. They have not imposed a uniformity of ideologies on their citizens but take a tolerant attitude toward all ideas, faiths, customs, and practices. They allow the minorities the freedom to maintain and publicly express their views (including political, religious, scientific, cultural, and artistic views). With this spirit of tolerance, science and culture have for quite some time flourished with hundreds of schools of ideas. These societies no longer consider "heresies" in thinking as great floods or vicious beasts, a practice which resulted in such tragedies as the immolation of Bruno and Galileo's forced repudiation of his proposition that the Earth revolves around the sun.

Back in our country, which has an ancient civilization, it has been standard practice for several thousand years to recognize only one authority. The intolerance of a second voice still prevails today. In 1955, after communicating their cultural and artistic views to their superiors, Hu Feng and his companions were convicted as a "counterrevolutionary group," and over 2,000 people were implicated. In 1957, in response to the call for the "Rectification Campaign and Free Airing of Views [zheng feng ming fang 2419 7364 7686 2397]" those intellectuals who dared honestly aired their views were all condemned as "rightists," in the end constituting at least 11 percent (at least 550,000 people)

of China's total number of intellectuals. In the decade that followed, the Cultural "Revolution" which began in 1966 was a great calamity for the masses in which dissidents were eliminated. Conditions began to improve in 1978, and eventually the above cases were basically redressed. A more tolerant atmosphere began to emerge, and the economy began to develop rapidly. However, due to the lack of tolerance, which is indispensable if we want to achieve reform, opening up, and modernization in the full sense, this beginning culminated in the world-shocking human tragedy of 4 June 1989 and a series of ensuing incidents infringing on the basic rights of the citizens.

To welcome the UN Year for Tolerance, we should do our utmost to spread the spirit of tolerance, which is indispensable in modern civilization, and to promote the genuine implementation in China of the UN Charter-specified goal of "enhancing and encouraging the respect for the human rights and basic freedoms of the entire human race."

Toward this end, we hope that the authorities:

- 1) Will treat all views, including ideologies, political ideas, and religions, with the spirit of tolerance and will no longer consider them "hostile elements" because they have independent ideas and independent views nor oppress them, deal blows to them, keep them under surveillance or house arrest, or even arrest them.
- 2) Will reassess the "4 June" incident with a realistic spirit and release those who are still in jail for their involvement in it.
- 3) Will release all those being jailed for their ideas, views, remarks, and religions and will resolutely put a stop to the inglorious tradition of imprisoning authors for writing something considered offensive by the authorities, a tradition which has existed in China since ancient times.

Moreover, we also hope that the people as a whole will foster the spirit of tolerance which respects others, promote the handling of various contradictions and conflicts with a rational and fair attitude, support the airing of one's own wishes and views by peaceful means, avoid intensifying contradictory and radical sentiments, and guard against violence. Only by so doing can we possibly progress along the road of democratization and modernization at a steady pace.

Encouraging tolerance, of course, never means keeping on good terms with everyone at the expense of the principle of distinguishing between right and wrong and good and bad. Still less does it mean indulging in or permitting vicious acts which corrupt morals and endanger society. Tolerance is closely bound up with such

modern concepts as democracy, freedom, human rights, and the rule of law, and they supplement one another. Tolerance should be a part of democratic politics. It is also a condition for political democratization. Tolerance is embodied in the respect for human rights and freedom and is limited by moral norms and the law. At present, decadent tendencies, the exchange between money and power, the embezzlement of public property, and corruption are found everywhere in China. All law-breakers who bring disaster upon the country and the people must be eliminated and sternly punished without leniency. But it must be understood that, without democratic supervision, particularly the supervision of independent public opinion, it is impossible to eradicate corruption. As early as 108 years ago, the British historian Lord Acton said: "Power tends to corrupt, and absolute power corrupts absolutely." The French "Human Rights Declaration" of 1789 is more plain when it says: "The ignorance, neglect, or disdain of human rights is the sole reason for public misfortune and dishonest government." This eternal truth should become a the consensus of opinion throughout China. Tolerance will certainly effectively push forward the anti-corruption drive, which is currently a concern of people across the country.

The world needs tolerance. China needs tolerance. We hope that, through the various activities of the UN Year of Tolerance, the intolerance that has existed in China since ancient times will begin to change and tolerance will gradually become the common spiritual wealth of our entire country and nation. (Following is a list of signatories:)

Wang Ganchang, Lou Shiyi, Yang Xianyi, Zhou Fucheng, Wu Zuguang, Xu Liangying, Lin Mu, Guo Xingxian, Xue Yugu, Zhu Zhaoxiang, Hu Jimin, Huang Zongzhen, Wang Rong, Wang Laidi, Zhao Zhongli, Hu Yadong, Wang Yuexian, Li Peishan, Huang Wei, Dong Guangbi, Fan Dainian, Zhou Mingzhen, Xu Guozhi, Jiang Lijin, Hu Zuoxuan, Ding Zilin, Jiang Peikun, Liu Liao, Dong Yanhe, Wang Furen, Wang Ruoshui, Wang Zisong, Zhang Yisan, Liang Zhixue, Huang Xiang, Bao Zunxin, Wu Zhen, Wang Lingyun, Chen Xiaoya, Li Guiren, Wang Dan, Wu Xuecan, Jiang Qisheng, Liu Nianchun, and Yang Hai.

15 May 1995

Draft Sent to UN

HK1805054595 Hong Kong HONGKONG
STANDARD in English 18 May 95 p 8

[By Annie Chen]

[FBIS Transcribed Excerpt] China began a new round of suppressing dissidents the same day that 45 of

its leading intellectuals petitioned the government to tolerate more dissent, some of them said yesterday.

Led by Professor Xu Liangying, 45 leading intellectuals on Monday urged President Jiang Zemin and National People's Congress chairman Qiao Shi to stop China's prosecution of participants in the 1989 pro-democracy movement.

They also said they were speaking out because corruption and human rights abuses were their worst since 1989.

Signatories included Wang Gangchang, the 88-year-old father of China's atomic bomb; translator Yang Xianyi, and four leading dissidents, including Wang Dan and Liu Nianchun.

But in reply, the central government began tightening surveillance on them the same afternoon, they said.

The same plain-clothed public security police who had threatened to beat him to death were following him again, Mr Wang Dan told The Hongkong Standard in a telephone interview yesterday.

He said they stopped following him for a while after he complained to his local public security police bureau at the end of last year.

But he said he did not plan to lodge another complaint because the surveillance was obviously ordered by the security police's superior. [passage omitted covered by referent item]

A draft of the petition was also sent to the United Nations on Monday through the group Human Rights in China.

Dissident Wang Xizhe Believed Detained by Police

HK1805054495 Hong Kong SOUTH CHINA MORNING POST in English 18 May 95 p 12

[By Daniel Kwan]

[FBIS Transcribed Text] Beijing police are believed to have detained well-known dissident Wang Xizhe for "violating orders".

Wang, who arrived in Beijing on Monday, has disappeared and lost contact with his family, according to sources.

He intended to petition the Supreme People's Court over a decision by the Guangdong authorities to extend his term of surveillance to 1999.

When he was released two years ago after serving 12 years' jail for "counter-revolutionary crime", he was ordered to report to police every month for two years. The surveillance was to expire last month but then he

was told by Guangzhou police it had been extended for 4 and 1/2 years.

His wife, Su Jiang, said: "I've not heard from him since he left home last Friday. I've no idea what might have happened."

She said he had planned to approach the court yesterday morning and visit Beijing-based Wang Dan in the afternoon, but Wang Dan said he had not appeared.

Ms Su said her husband had applied to Guangzhou police to travel to Beijing but was refused permission. They told him he would be responsible for his actions if he went, she said.

Officials Confirm Jiang Visit to Hu's Shrine

HK1805054095 Hong Kong EASTERN EXPRESS in English 18 May 95 p 8

[By Bruce Gilley]

[FBIS Transcribed Text] More than six years after it roused students to the streets in the biggest anti-government protest since the Communist takeover, the ghost of disgraced Party general secretary Hu Yaobang is haunting the central leadership again.

Analysts say Beijing may be attempting to dispel the eerie spirit of the disgraced general-secretary by making a series of low-profile gestures of reconciliation.

But ghost-busting could prove a dangerous business to a leadership with a growing sense of its own mortality, they say.

Government officials in Jiangxi province confirmed yesterday that Party General Secretary Jiang Zemin paid a visit to Hu's resting place during a tour of the province in late March.

It was the first known stop at the site by any politburo member since Hu's sudden death from a heart attack in April 1989.

And it came only two months after the Communist Party central committee approved the publication for the first time of a report on the interment of Hu's ashes in Jiangxi in December 1990.

"Jiang's visit there carried with it the aspirations of the whole party," Yang Xiaohuai, chief editor of the official magazine China's Sons and Daughters, which carried the report on the interment, said from Beijing yesterday.

"Hu Yaobang basically had no problems, and he was a politburo member to the end. It should be considered a normal thing for a senior leader to go there," Yang added.

Mainland political analysts believe there is widespread sympathy for Hu within the country, and a belief that he was unfairly blamed for the December 1986 demonstrations.

Among leaders thought to be in the forefront of the move to reappraise Hu are politburo members Qiao Shi and Wen Jiabao, who conducted a brief ceremony in secret at the Beijing airport before seeing his ashes on their way to Jiangxi in December 1990.

Jiang may be trying to broaden his appeal within the politburo with such gestures. The visit by Jiang to the so-called Communist Youth League city, about 100 kilometres north of the provincial capital Nanchang, along the shores of Poyang lake, took place on about March 25, according to Chen Shijun, deputy head of the Jiangxi government office.

"The main purpose of the visit was to see the city, but it did not escape the attention of the Party General Secretary that Hu's ashes were there," he said.

Chen, who did not accompany the entourage, said that Jiang "briefly stopped" in front of the shrine, but could not provide further details.

There have been rumours that Jiang went so far as to erect a tablet at the site praising Hu's spirit, but these could not be confirmed.

Hu is given primary credit for creating the city out of nothing during his days as a fiery organiser in the 1950s for the Communist Youth League, from which it took its name.

"Not a penny of government money was used in building it up from a barren field into a flourishing open city," enthused Zhu Xi, the private secretary of the province's acting governor, Shu Shengyou.

Zhu was unclear about the details of Jiang's visit to the city, but insisted that it was considered significant.

"The city is most closely associated with Hu and the young Shanghai intellectuals he led to build it. The importance of any central leader visiting there should be obvious," he said.

Hu was sacked as party general-secretary in January 1987 to take responsibility for student demonstrations the previous December. One of the first demands of student demonstrators who took to the streets after his death in April 1989 was for a "correct evaluation" of his record during seven years as general secretary.

Funeral arrangements for Hu were handled in extreme secrecy in the icy political atmosphere which set in after the June 4 massacre.

Not until March of this year was China's Sons and Daughters, which is run by the Communist Youth League, allowed to publish a long-shelved report on the handling of his death.

"It was run with the complete approval of the Communist Party central committee," Yang asserted, eager to impress the fact that it was not a slip-up by normally strict censors.

"They (central committee members) all respect Hu Yaobang and we felt it was an appropriate time to issue the article," he added. The article revealed that Hu's final bequest was for his ashes to be interred in Communist Youth League city.

But not until December 1990, 20 months after his death, was it granted. "No news organisation was allowed to report on the ceremony at the Beijing airport attended by Qiao Shi and Wen Jiabao," the article admitted.

Within days of its publication in March, the article was reprinted in thousands of popular newspapers across the country, but not, significantly, in any of the major party mouthpieces.

"Of course, it is up to each propaganda bureau to decide, but the party may have thought it best to downplay the article," Yang ventured.

Six years ago, even low-key support for Hu in the official media was heresy.

The party's official history still criticises him for the December 1986 pro-democracy protests by university students in Beijing, Hefei, Shanghai, Nanjing and Tianjin.

The Tiananmen massacre showed that Beijing was unwilling to budge on this issue.

But there was always room for manoeuvre, which Jiang appears to be exploiting now.

Having risen under the patronage of the patriarch Deng Xiaoping from a Communist Youth League organiser in the 1950s to general secretary in 1980, Hu retained his politburo Standing Committee position right to the end.

In addition, the party history muted its criticism with the assertion that Hu's "resignation" was accepted after a politburo meeting which "made serious criticisms of his mistakes in a comradely manner, and at the same time made a realistic appraisal of his achievements".

For these reasons, argues Yang, gestures of remorse concerning Hu still fall within the bounds of mainland political correctness.

"There is no need for an official 'rehabilitation' of Hu because he was never really completely disgraced," he explained.

Reflecting the general sentiment, the article on Hu's funeral quotes an outraged photographer, Du Shan, whose book was shelved for three years after Tiananmen because it carried Hu's inscription.

"Wasn't Hu Yaobang given a good appraisal? What did he have to do with the (1989) turmoil?" Du is quoted as saying.

Jiang Zemin Increases Beijing Security Forces

HK1805054395 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 p 12

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] President Jiang Zemin has increased military and police deployment in Beijing to maintain order and bolster his authority.

And more politicians and media units have saluted Mr Jiang for his pioneering role in reviving a "Chinese-centred spiritual civilisation".

Sources in Beijing said yesterday that the Central Military Commission, which is headed by Mr Jiang, had become more involved in security matters in Beijing.

Apart from the stationing of additional People's Armed Police officers, the commission recently authorised the deployment of a military airship for surveillance.

The imported vehicle, which can travel at 80 km/h, was first used last month during the funeral ceremony of the elder Chen Yun. The sources said the airship was particularly useful in spotting early signs of "trouble", such as the congregation of students in the northwest college districts.

Diplomatic sources said the commission also took on more responsibility for the protection of the safety of leaders, including Politburo members and party elders.

A special unit called the Political Guard Bureau was set up within the commission to complement the Central Committee Guard Department, which had offered protection to senior cadres since the 1950s.

The sources said Mr Jiang's control over such elite guards puts him at a huge advantage if political struggle were to break out after the death of Deng Xiaoping.

In the past fortnight, the additional security has been useful in forestalling possible protests in the run-up to the sixth anniversary of the June 4, 1989 crackdown.

Campus sources have recently sighted at least one big poster in the college district calling for faster political change.

Earlier this week, several students took advantage of the celebrations of China's big victory at the international table tennis championships in Tianjin to smash small bottles.

In Chinese, the words for small bottles and Xiaoping sound the same.

Meanwhile, a leader of the liberal faction of the party, Li Ruihuan, has become the latest politician to salute Mr Jiang's contribution to spiritual civilisation.

Mr Li, a member of the Politburo Standing Committee, is considered a potential rival of the President.

The Chinese press yesterday quoted Mr Li as attacking the waves of "hedonism, individualism and money-worship" sweeping the nation.

"We must follow the demands of General Secretary Jiang Zemin in propagating the spirit of patriotism, plain living and hard struggle, and self-abnegation," he said.

Xinhua (the New China News Agency) yesterday ran the English-language version of a report on the importance of "educating the people in its traditional cultural value".

It quoted "a few scholars" as blaming the market economy for bringing "social disorder, moral degeneration and the collapse of traditional moral systems".

While the original Chinese-language version, which appeared on May 8, referred to Mr Deng as the progenitor of market reforms, yesterday's dispatch did not cite the patriarch.

Sources View Course of Jiang Zemin's 'Purge'

HK1805054295 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 p 9

[By Jasper Becker in Beijing]

[FBIS Transcribed Text] The anti-corruption purge began and ended with a series of personal attacks and counter-attacks among members of the mainland's ruling families, according to a version of events related by Chinese sources.

President Jiang Zemin launched a campaign to clean up the Communist Party in March last year but it soon evolved into personal vendettas.

Tensions were exacerbated by the man who was to become the highest victim of the purge, the former party secretary of Beijing, Chen Xitong. When the

Party discussed how to respond to Mr Jiang's anti-corruption drive, Mr Chen called for an investigation into the business activities of all the children of all senior leaders, starting with Mr Jiang's.

Little is known about Mr Jiang's two sons and their involvement in business. Jiang Minkang went to the United States for postgraduate studies and Jiang Miankang is believed to be working in Germany after spending time with Siemens.

Mr Chen further angered Mr Jiang by complaining to veterans Deng Xiaoping and Peng Zhen he was building up a Shanghai clique. Sources said Mr Chen was trying to fight back because Mr Jiang was already preparing to purge him by starting a high-level investigation into corruption in the Beijing Government early last year.

Although Mr Jiang excluded his own children from any investigations, the case widened to embrace Mr Chen's son, Chen Xiaotong. It also included Mr Deng's ally, the chief of the Capital Iron and Steel Works, Zhou Guanwu. Then his son Zhou Beifang was arrested and finally Mr Deng's youngest son Deng Zhifang was questioned.

Children and wives of other top leaders were also caught in the net. Sources said the wife of Jiang Chunyun, the former party boss of Shandong province, was detained and questioned in connection with a corruption purge in the city of Taian. In February the city's party secretary was arrested with four million yuan (HK\$3.74 million) and a kilogram of heroin.

Under Mr Jiang's patronage Jiang Chunyun (no relation) was promoted into the Politburo in 1992. However a record number of delegates to the National People's Congress voted against his election as vice-premier in April.

The deepening campaign provoked widespread opposition and anger in the upper levels of the party and Mr Jiang came under pressure from retired veterans such as Peng Zhen, who argued it was destabilising.

Sources said Mr Jiang was only forced to stop the campaign after it became clear there might be enough evidence to implicate Mr Deng Zhifang, whose anguished mother Zhuo Lin was driven to nervous exhaustion and was in hospital for four days in late April.

Some versions claim she had a nervous breakdown and even tried to commit suicide.

The severity of the campaign became evident when Mr Chen's deputy, Wang Baosen, committed suicide in April.

Mr Jiang refused to allow Mrs Zhuo to visit and plead for her son. Mr Deng has been unable to intervene

because since December he has barely been able to speak.

Mr Jiang then decided he had gone too far and visited her in hospital, where he promised the case against Deng Zhifang would be dropped.

She left hospital and the younger Mr Deng was able to go to Hong Kong and continue his business activities.

The President's decision to pull back has meant the reprieve of two other targets of the purge of the Beijing party, Mayor Li Qiyang and Deputy Mayor Zhang Baifa.

Other cases have also been dropped in the interests of preserving stability.

Instead of hunting "tigers", the anti-corruption campaign of Mr Jiang has now dwindled into the exposure of minor officials.

The People's Daily recently highlighted the case of an obscure local procurator in Hebei province, who was dismissed for misusing government funds to ride around in an expensive foreign car.

Buddhist Leader on Dalai Lama's Reincarnation Claim

*OW1805140195 Beijing XINHUA in English
1328 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — President of the Buddhist Association of China (BAC) Zhao Puchu said here today that he was "shocked and indignant" at the news that the Dalai Lama had declared that a certain child as the "reincarnated child of the Panchen Lama".

Zhao, who is also vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, said he had worked and forged a close relationship with the late 10th Panchen Lama, who had acted as BAC's honorary president.

"I remember," Zhao said, "the Panchen Lama had proposed that after his death three infants should be sought for who were potential reincarnations of the Living Buddha. They should then be checked one by one. He made the remarks at a discussion attended by representatives of Buddhist believers from five Chinese provinces and autonomous regions on January 24, 1989, which was four days before his passing away."

Zhao quoted the late Panchen Lama as saying, "I think the best option is to hold a lot-drawing ceremony in front of the statue of Sakyamuni, because Sakyamuni is an acknowledged great master. If there is something wrong, Sakyamuni will intervene."

"We can regard these words as an important deathbed testament of the Panchen Lama," Zhao said.

Confirming the reincarnated child of the Panchen Lama through the method of drawing lots is the unfulfilled wish of the 10th Panchen Lama, he added.

"He told me more than once during his lifetime that he would come back if his wish of loving the country and Buddhism had yet to be carried out," he said.

Therefore, Zhao added, "I have often prayed for him since his passing away, hoping that the child who will be the reincarnation of the Panchen Lama will be installed on the holy throne as soon as possible, continuously observe self-cultivation, fulfill the will of Buddha perfectly and make great religious achievements."

The State Council made three decisions concerning the funeral arrangements and reincarnation of the Panchen Lama on January 30, 1989.

The third decision provides that the location and confirmation of the reincarnation of Panchen Erdini Qoigy Gyaincain should be handled by the Zhaxi Lhunbo Monastery and be assisted by the BAC and its Tibetan Branch if necessary. The result should be forwarded to the central government for approval.

"As the chief advisor on the reincarnation of the Panchen Lama, I know that the group in charge of locating the reincarnated child has done a careful job in accordance with Buddhist rituals and made great achievements. I am gratified at these achievements," Zhao said.

"I hope the Panchen Lama's reincarnation will be confirmed through drawing lots in front of Sakyamuni with merciful support and wise judgement from the Buddha, followed by approval by the State Council. In this way, this major event in Buddhism will be accomplished," he added.

Zhao said that, as the religious procedures for finding the reincarnated child are being observed meticulously, the action of the Dalai Lama in openly naming a Tibetan child abroad as the reincarnation of the Panchen Lama abroad constitutes political splittism, and is illegal and invalid.

Also, Zhao said that this move goes against the will of Zong Kaba (1355-1418) and the principles of the Gelugpa (Yellow) sect of Buddhism, which he founded.

As all Buddhists know, he said, the reincarnation of Buddhist saints, including the Tibetan living Buddhas, is to fulfill the will of the Buddha to save the people and the world. If a Buddhist saint fails to fulfill a vow in his lifetime, he will return through reincarnation to do so.

Such vows are called "intent contemplation rules" by the Tantric (Black) sect and "identity" by the Gelugpa sect. Anyone who violates such vows, violates the Gelugpa faith.

Zhao said that he had had a close relationship with the late Panchen Erdini, and that he has a deep understanding of the vow of the late religious leader, which was to realize the unification of the motherland, the unity of different nationalities, world peace, the progress of Tibet and the expansion of Buddhism.

The late Panchen Lama had said he had expected that the wise and auspicious light of the Buddha would be shed on every corner of the world, the eastern civilization would prosper, and the problem of life and death of human beings would be solved gradually, according to Zhao.

Zhao said that if the Dalai Lama really hoped that the Panchen Lama would be reincarnated, he would not have gone against the Panchen's patriotic and Buddhist vows.

Zong Kaba required that the Dalai and Panchen lamas should learn from each other and respect each other's identity, Zhao noted.

"The Dalai Lama's action was in total neglect of the will of Zong Kaba and the teaching of the Gelugpa sect," he said.

Zhao advised the Dalai Lama to turn from his erroneous path, saying that the Tibetans, the country and the patriotic Buddhists will always welcome his return to the right track.

Urumqi Intermediate Court Executes Six Criminals
OW1705134895 Urumqi XINJIANG RIBAO
in Chinese 29 Apr 95 p 1

[By reporter He Shihong (6378 0013 4767)]

[FBIS Translated Text] On the afternoon of 28 April, the Urumqi Municipal Intermediate People's Court opened a meeting to announce trial results. Six criminals who are guilty of the most heinous crimes were sentenced to death and escorted to execution ground. They were executed by shooting.

These six criminals committed murder and robbery, crimes that seriously endanger society.

Beijing Investigates Basic Education Nationwide*OW1805081595 Beijing XINHUA in English
0758 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — China will spend 18 months in looking into how well its basic education policies are implemented nationwide.

The State Education Commission (SEC), the Education, Science, Culture and Public Health Committee of the National People's Congress (NPC), the Subcommittee of Science, Education, Culture, Public Health and Sports of the Chinese People's Political Consultative Conference jointly issued an announcement recently about the investigatory work.

The announcement said that the investigation will cover five areas of basic education: how well the Nine-Year Compulsory education law and eliminating illiteracy among people under age of 45 have been carried out, implementation of the Teacher's Law, increasing investment in education, strengthening moral education, and releasing students from the heavy burden of homework.

All local governments and education departments at county level or higher are listed as targets.

A national supervisory group will be formed and will begin work in the latter half of this year.

Science & Technology**Daya Bay Design Fault Causes Losses***HK1805050295 Hong Kong AFP in English
0436 GMT 18 May 95*

[FBIS Transcribed Text] Beijing, May 18 (AFP) — A design fault at China's first major nuclear power plant, Daya Bay, has already cost some 100 million dollars, a senior nuclear official said this week, expressing frustration with the French builders, Framatome SA.

The first of Daya Bay's twin 900-megawatt units, which went on line in February last year, was shut down in December for scheduled refuelling and testing. However, the unit has remained off line since February 14 after the "drop time" for some of the reactor's 53 control rods was found to be longer than the design specifications. "The fault has meant we are losing around one million dollars a day, and it is still not sure when the unit will go back on line," said a senior official with the China National Nuclear Corp. (CNNC).

The Daya Bay plant is located in the southern province of Guangdong, some 50 kilometers (31.25 miles) northwest of Hong Kong. "As the owners, we are the big losers, but we had no option but to shut down because of the safety factor," the official told reporters. The rods,

used to control a reactor's temperature and power, are supposed to take no more than 2.15 seconds to fall into the reactor in order to stop a nuclear chain reaction — but the tests found that seven rods fell in 2.5 seconds.

The fact that a design fault was to blame for the failure has reportedly strained relations between China and Framatome, which is also contracted to build a second nuclear plant with twin 1,000 megawatt reactors, just five kilometers (three miles) from the existing Daya Bay installation. While Framatome has no contractual obligation to make good the financial losses incurred by the Chinese side, "it does as the supplier have the obligation to repair and maintain the equipment," said the official, who asked not to be identified. Framatome installed new hardened rods in March, "but the drop time was even longer," the official said.

However, the CNNC official said the drop time of the control rods in Daya Bay's second reactor, which was shut down for routine refuelling in early April, was "good," and the unit would go back on line as scheduled. A western industry expert confirmed that the rods in the second unit had passed the test, adding that an additional eight back-up rods had been installed as a provisional safety measure and the reactor should go back on line at the end of this week. A similar system is being discussed for use in the first unit, until a permanent solution to the drop-time problem can be found, the expert added.

The Chinese official, meanwhile, appeared to dismiss rumours that the problem with the first reactor had put Framatome's participation in the building of the second Daya Bay plant in doubt. "We have already concluded a tentative agreement with the French," the official said, adding, however, that the design of the second plant incorporated around one dozen design modifications and improvements. "If Daya Bay II was the same design as the first plant, we could not accept it," he added.

Controlled Nuclear Fusion Research To Increase*OW1805080095 Beijing XINHUA in English
0739 GMT 18 May 95*

[XINHUA Roundup]

[FBIS Transcribed Text] Hefei, May 18 (XINHUA) — China has pledged to enhance its research on controlled thermonuclear fusion in an attempt to find a solution for its energy shortage in the coming century.

According to academician Huo Yuping, director of the Plasmatron Physics Research Institute of the Chinese Academy of Sciences in the capital of east China's Anhui province, China already has a place in the field of nuclear research.

"Our goal is to find a cleaner long-lasting energy for mankind, as well as for the survival and development of China in the next century," Huo said.

In March of this year, China put its HT-7 super-conductive nuclear fusion installation into operation, a far-reaching breakthrough in scientific research for China. At present, only four countries in the world possess the technology for this research.

"The world's nuclear fusion research cannot be done without China", commented Prof. D. Pulumpo, a leading scientist from European Community, after inspecting the Plasmatron Physics Research Institute and the HT-7.

Another report says that early this month, a new method of controlled nuclear fusion, designed by the Southwest Physics Institute of the Chinese National Nuclear Corporation, was approved by nuclear scientists.

This marked a major step forward in the field from the earlier "China-HL-1", which became known as a "tokamak system", to the present experiment.

Controlled thermonuclear fusion is thought likely to be the main energy source for mankind in future. Unlike nuclear fission, which leaves large amount of highly radioactive waste, nuclear fusion is similar to what happens when the sun produces light and heat.

On the other hand, according to Huo Yaping, nuclear fusion research is also highly expensive. A large installation costs a large amount of money and China really cannot afford it at present. Huo said that international cooperation is a major way to solve the problem.

Huo said that China has so far trained many nuclear fusion researchers for developing countries and has provided some developed countries with computation and data services. The construction of the HT-7 installation has gotten help from France, Belgium and other countries. The nuclear energy authority of France provided China with a 120,000-kw generator. China's long-term cooperation with an institute of the former Soviet Union also saved it a lot of expenses.

To date, the HT-7 installation is China's largest international scientific cooperation project.

Ocean-Going Ship Simulator Designed for Training

OW1805033795 Beijing XINHUA in English
0218 GMT 18 May 95

[FBIS Transcribed Text] Wuhan, May 18 (XINHUA) — The WMS-1, a training device that simulates ocean-going ships, developed by the Wuhan Communication Technology University and the Asian Emulation and Control System Project Corporation Ltd, passed technical appraisal last week.

Specialists examining and appraising the device concluded that on the whole, the device reaches the latest international level in technology and quality.

Occupying a space of 150 sq m, with its integrated control room, engine room, pilot's cabin, instruction and training room, and engine room, the simulator resembles a real ship's bridge and the controls for the engine.

The system is specially designed for ocean-going freighters with tonnage exceeding 10,000.

In addition to providing effective simulation of ocean voyages for trainees, the device can also be used to train personnel to deal with breakdown troubles rarely seen in real ocean-going ships so as to raise the personnel's ability.

UK Firm Introduces Water Treatment Techniques

OW1705130995 Beijing XINHUA in English
1239 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — The North West Water Group of Britain, one of the world's largest water industry companies, is set to tap China's environmental protection market.

Five technicians from the transnational company today introduced advanced techniques and equipment dealing with waste water to their Chinese counterparts at a conference here.

The conference, with regard to municipal and industrial water, and waste water treatment technology and equipment, has drawn 100-odd officials from dozens of Chinese cities, as well as from enterprises and research institutions.

The North West Water Group is one of the world's four-biggest enterprises involved in water supply and waste water treatment. It went into operation in 1989, and has subsidiaries in Australia, the United States, Canada, Mexico and Brazil.

Jim Hart, managing director of the group's Wallace and Tiernan Pacific Pty Ltd, based in Australia, said, "China has one quarter of the world's population, which means a huge environmental protection market."

He said that no one can live without water. Using water produces waste water, the release of which is growing with the increasingly fast pace of urbanization. Rapid economic growth will also produce a large amount of industrial sewage.

Hart, who has been engaged in environmental protection techniques for 20 years, said he believed that China has a potential market for waste water disposal "though this is our first entry to the country".

Statistics from the State Environmental Protection Administration show that China ranks sixth in the world in terms of total amount of water, while its per capita amount is merely one quarter of the world's average. China has a great shortage of water resources. Moreover, the annual rainfall is uneven in different places and at different periods of time, which makes some cities perennially short of water.

Currently, China has about 120 sewage treatment plants in cities, which are able to clean less than 10 percent of domestic waste water and 36 percent of industrial waste water. Pollution makes the water problem worse.

According to the environmental protection program mapped out by the Chinese government, by the year 2000 some 20-30 percent of city sewage should be treated, and 10 percent of the cleaned water should be re-used. To realize this aim, China must build dozens of water disposal plants each year, which indicates a wide environmental protection market as well as a huge cash input.

Speaking of the North West Group's development strategies in China, Hart said that the most important thing is to find a suitable local partner. BOT (build, operate and transfer) is a common form of investment used in constructing water treatment plants. The group also plans to cooperate with China's machinery manufacturers to produce equipment for such plants.

The conference was launched by the Yuqing Chemicals Environmental Protection Industrial Union, based in Beijing. The organization is composed of 33 member units all over the country, covering environmental evaluation, scientific research, engineering, project design and equipment building.

Military & Public Security

Tianjin Secretary on Administering Public Security
SK1705130395 Tianjin TIANJIN RIBAO in Chinese
7 Apr 95 p 1

[FBIS Translated Excerpt] The municipal party committee and the municipal government convened a citation meeting on the comprehensive administration over Tianjin Municipality's public security on the afternoon of 6 April. The meeting urged: We should, in line with the layout of the municipal party committee and the municipal government, do a good job in the comprehensive administration over public security, make efforts to pay firm attention to implementation as well as to the achievement of results, keep up good momentum, advance to a new height, and create a good social environment for Tianjin's economic development and social progress.

Gao Dezhan, secretary of the municipal party committee, attended the meeting and made a speech.

Municipal leaders Zhang Lichang, Nie Bichu, Liu Jinfeng, Lu Xuezheng, Zhang Baifeng, and Zhang Dequan attended the meeting. Chen Jiping, deputy secretary general of the Political and Legal Commission and director of the Office for Comprehensive Management of Public Security of the Party Central Committee, made a special trip to participate in the meeting and made a speech. [passage omitted]

On behalf of the municipal party committee and the municipal government, Gao Dezhan and Zhang Lichang awarded prizes to the districts and counties that carried out the "1994 letter of responsibility for fulfilling the target of comprehensively administering public security." The leaders of the municipality also awarded prizes to the advanced localities, units, collectives, and individuals who were cited.

Gao Dezhan pointed out in his speech: The comprehensive administration over public security is an important task concerning the overall situation. To achieve success in the task of public security, to maintain a good social environment, and to make people live and work in peace and contentment is an important aspect of the endeavor to safeguard stability. To pay attention to the comprehensive administration over public security, we should pay attention to stability, and directly provide service to the endeavor of achieving the general task of the whole party and the whole state. Achieving success in the comprehensive administration over public security is the specific manifestation of the strategic guideline of "attaching equal importance to and achieving success in two tasks at the same time." It conforms to the immediate interests of the broad masses of the people, and is the necessity for the building of a civilized city. Leaders at all levels should, from the perspective of the general task of the whole party and the whole state, fully understand the extreme importance of improving the comprehensive administration over public security and to safeguard stability. They should always keep their minds clear, be vigilant in peacetime, pay attention to the comprehensive administration over public security with unremitting efforts, and achieve substantial results.

Gao Dezhan stressed: Implementing the leaders' responsibility system for the comprehensive administration over public security is a good form of implementation. We should pay firm attention to the implementation of this responsibility system as the dragon head, pay thorough and careful attention to it, pay attention to tasks of implementation one by one, do solid work, and achieve the contents demanded by the responsibility system.

tem. Being the leading persons in charge, the top party and government leaders should shoulder the responsibility in a down-to-earth manner, do substantial work as well as administer with daring, and administer strictly and successfully. It is imperative for them to enhance the development and to safeguard the safety of the localities where they take the offices. He pointed out: In the comprehensive administration over public security this year, we should raise the standard of work, follow the requirements set by the municipal party committee of "promoting economic development and all the tasks to a new height, and making breakthroughs in the key issues that push forward the overall situation as well as in the weak links that restrict the overall situation," make overall progress, make breakthroughs in key points, and promote the task of comprehensively administering public security to a new height.

Gao Dezhan pointed out: The key to accomplish all the tasks of the comprehensive administration over public security this year lies in the grass roots. Leaders at all levels should keep an eye on and make efforts toward the grass roots. They should actively provide service to the grass roots with more initiative, and assist the grass roots to solve the problems in reality. The people should mobilize extensively, insist on participating in all kinds of mass prevention and control activities, make concerted efforts to administer, and upgrade the whole society's level in doing prevention work. [passage omitted]

***Article Views Nature of Highway, Train Robbery**
95CM0234A Kunming YUNNAN GONGAN BAO
in Chinese 7 Mar 95 p 2

[Article by Liu Jinxue (0491 6855 1331) and Zhang Huiyun (1728 2585 0061): "A Brief Discussion on the Characteristics and Radical Solution to the Crimes of 'Vehicle Robbers and Road Bandits'"]

[FBIS Translated Text] Current Characteristics of Crimes of "Vehicle Robbers and Road Bandits"

1. Their targets are drivers and passengers of trucks, taxicabs, and buses. From January to October 1994, there were 29 cases of crimes committed by "vehicle robbers and road bandits" in Chuxiong Prefecture. Of these, 20 involved trucks, or 69 percent of the total; five involved taxicabs, or 17 percent; and four involved buses, or 14 percent.
2. Most of the crimes were committed in areas where the road condition was poor with numerous crooked sections or where villages and towns were far away and there were few or no inhabitants or on borders between provinces and counties. In these places the victims, after being robbed, were helpless and could not report the

cases to police. Twenty-two of the above-mentioned robbery cases occurred in such places, accounting for 80 percent of the total. Several cases took place in downtown areas, however.

3. Most criminals acted at night or noontime or in the afternoon. Of the 29 cases, 12 were committed at night, or 41 percent of the total; nine were at noon, or 31 percent; and eight took place in the afternoon, or 28 percent.

4. The criminals included native people as well as those coming from other places, but most were roving bandits. Among the 53 criminals arrested, 42 were from other places, accounting for 80 percent of the total, and 11 were natives, 20 percent of the total.

5. Ganging up to commit crimes was the most striking characteristic of "vehicle robbers and road bandits." They formed gangs and committed robbery in an organized and premeditated way. Some gangs were well-organized; others were less so. Of the above-mentioned robberies, 83 percent were committed by gangs.

6. Most criminals were aged between 16 and 30, and most were farmers. Analysis shows that 47 of the criminals were between 16 and 30 years old, accounting for 89 percent of the total. Fifty were farmers, or 93 percent of the total.

7. The criminals acted ruthlessly and were recidivistic in committing robbery. In most cases, they carried weapons and forced the victims to turn over money or other valuables. If the victims showed the slightest reluctance to comply with their requirements, they would injure or kill the victims with knives. After their first robbery was successful, they wanted to do more, so they committed serious crimes again and again. And the more they did, the more daring they became. They would not stop until they are arrested.

Causes of Criminal Cases of "Vehicle Robbers and Road Bandits" and Difficulties in Cracking Them

1. As an easy way to make money, road robbery is very tempting to some people. Under the influence of the "demonstration effect" of the high consumption in society, some people have fixed their eyes on the "two ways" [highways and railways]. For the purpose of seizing money and other valuables, they have committed robbery again and again regardless of the consequences, driven by the erroneous idea that "if you want to be rich, go to the two ways to rob and you will become a man with a 10,000-yuan income overnight." As a result, this sort of crime has "snowballed."

2. Victims are powerless in dealing with the criminals. Drivers and cargo owners on the trucks are out-and-out helpless strangers where they were robbed. Without being well prepared, they can hardly do anything against armed robbers. In the case of bus robbery, though there are many passengers on the bus, they do not know each other. Most people want to protect themselves by giving out their money and valuables. This has enabled the robbers to get their way again and again, thus further stimulating and intensifying their criminal intention.

3. Grass-roots rural governments are weak with no comprehensive measures to deal with public security problems. Currently, some grass-roots organizations are not paying enough attention to improving public order. Some party and government cadres in rural areas dare not put up a firm struggle against law offenses. The major reason is that they fear that such struggle will offend the criminals and invite retaliation. So they are not willing to report the true situation to the public security department, nor do they dare to educate the young generation positively. In some localities, the authorities even have no ability to discover and control law offenses.

4. In a few localities, there are instances of failure to strike hard at crimes. Some victims do not know where to report cases. Others know where to report but would not do so. They think that even if they reported the case to the authorities, it would be uncertain that the case could be cracked. What is more, as they are traveling everyday, they fear that they would be retaliated upon by the criminals. Another reason is that the crimes of "vehicle robbers and road bandits" have often occurred in those places where jurisdiction is unclear and crimes are common. In some instances, one criminal may have committed several robberies; in other instances, several criminals may have ganged up to rob—all may have happened in a random manner. As large amounts of investigative work are required in dealing with them, there are a lot of unsolved cases, pending investigation. As a result, some grave criminals have long remained at large without being punished. This has added to their criminal intention.

How To Strike at "Vehicle Robbers and Road Bandits"

In struggling against "vehicle robbers and road bandits," public security authorities at various levels in Chuxiong Prefecture have taken many effective measures with remarkable success.

1. Unifying minds and strengthening organization and leadership of the work. The crimes committed by "vehicle robbers and road bandits" are seriously detrimental to public order and are one of the major targets that

the public security authorities want to "severely strike at" with perseverance. Apart from their regular work, public security organs at all levels in Chuxiong Prefecture have, since 1993, waged a special struggle to annihilate "vehicle robbers and road bandits" simultaneously with the efforts of other localities in the province and throughout the country. All counties (cities) of this prefecture have earnestly organized the struggle, made plans, and actively unfolded their work based on the actual situations in their respective localities. According to the striking features of the criminal activities of "vehicle robbers and road bandits," they have organized special police forces to carry on this work, thus ensuring the continuity of the struggle.

2. Organizing special struggle in a timely manner. To deal with the striking crimes committed by "vehicle robbers and road bandits" in certain places at certain times, they have organized "large-scale campaigns" so that action can be taken in unison to deal concentrated blows at those crimes. Such campaigns, which are great in strength and serve as a strong deterrent, have produced fairly remarkable results. From April to August 1993, public security organs in Chuxiong Prefecture cracked down on 15 criminal cases committed by "vehicle robbers and road bandits" on national routes 108 and 320. This accounted for 88 percent of the cases that occurred on these two highways during the above period. Of the cracked cases, 11 were major ones, accounting for 84 percent of the total major cases. Forty-eight criminals, including 37 members from nine criminal gangs, were arrested. And some 20,000 yuan worth of looted money and property were confiscated. These campaigns dealt telling blows at the rampancy of the "vehicle robbers and road bandits," checked the rising trend of crimes committed by them, and effectively guaranteed highway traffic safety.

3. Special investigations. To deal with serious detrimental cases, they have formed special task forces and pooled the efforts of all concerned to conduct in-depth investigations. Cases of the same nature are dealt with together. Usually, when one case is cracked, more clues are obtained, leading to the solution of other cases. When the problem on one highway was dealt with, public order in the whole area was improved. Since January 1994, crimes of "vehicle robbers and road bandits" had been rampant in the Yongren, Yuanmou, Wuding, and Fumin sections of Route 108. Chuxiong Prefecture took resolute measures to conduct investigations on the basis of the specific characteristics and common features of the robberies in those places. In a single blow, it cracked down on two criminal gangs—the four-member Maji-ajun gang and the nine-member Qiansanke gang. This

led to the cracking of the 10 cases committed by these two gangs on Route 108.

4. Prompt action to arrest criminals. Upon receiving reports, they overcame every difficulty and formed special task forces composed of sharp and capable members to launch immediate attacks on the criminals. They won success by depending on their prompt action.

5. Controls at key spots. They have sent out police to patrol those areas where robbery has occurred frequently. The major purpose is to prevent and discover crimes committed by "vehicle robbers and road bandits."

6. Plainclothesmen in vehicles and at special spots. Both open and secret methods have been used to control crimes. Checkpoints have been set up on roads where robberies recur, and a crime-control network has been formed to detect criminals. In accordance with the characteristics of the activities of "vehicle robbers and road bandits," members of a special detachment in plain clothes have escorted trains and buses to make arrests on the spot in cases of robbery. After setting up checkpoints on key roads, the Yongan County Public Security Bureau arrested 22 criminals within 50 days. Two of the arrested were "vehicle robbers." Twelve "vehicle robbery" cases were thus cracked.

7. Close coordination and cooperation. Chuxiong Prefecture's experience shows that in the struggle to strike at and prevent the crimes of "vehicle robbers and road bandits," public security departments at all levels should

uphold the idea of close coordination as in a well-organized chess game. They should promptly exchange information and take concerted action. In checking crimes, conducting investigations, and arresting criminals, local public security organs, including those along highways and railways, and departments in charge of transportation should coordinate closely with and support each other to form an integrated anticrime network.

8. Implementing comprehensive measures and developing publicity and education campaigns on the legal system. While striking at crimes, Chuxiong Prefecture has relied on grass-roots organizations in various localities to strengthen government administration and educate rural people to abide by discipline and law and to become better off by working hard. News media have been used to launch vigorous publicity campaigns aimed at encouraging the broad masses to struggle resolutely against "vehicle robbers and road bandits." Those with outstanding performance in this struggle have been given awards. According to the principle that local administrators should be responsible for leading the local anticrime struggle, arrangements have been made to strike hard at crimes and improve safety in key areas and road sections as part of the work of maintaining good public order in the countryside. In addition, every effort has been made to ensure the down-to-earth implementation of the various public security measures to maintain highway and railway safety as a contribution to the development of the socialist market economy.

General**Year-on-Year Inflation Rate in Apr 18 Percent**

HK1805065295 Beijing CHINA DAILY in English
18 May 95 p 1

[By Wu Yunhe: "Bureau Reports Minor Price Increases"]

[FBIS Transcribed Text] China's retail prices posted a 0.6-percent increase in the country's 35 major cities and 0.7 percent nationwide from March, the State Statistics Bureau said yesterday.

The year-on-year inflation rate in April stood at 18 percent.

That "basically stable" economic growth means every sector is gradually moving towards the target set by the central government, the bureau said yesterday.

Inflation growth was slowing down, while the increase of the gross domestic product (GDP) remained high.

The burgeoning foreign trade sector also enriched State foreign exchange reserves, said the bureau in its monthly report.

But the bureau noted that next month the national economy will face a crucial test, when most provinces report on their summer harvests.

Good agricultural production this year is considered a key factor in containing the continuing inflationary pressure, an unnamed bureau official added.

Price hikes of agricultural produce have emerged as a main factor spurring inflation, so the central government has attached top priority to boosting farm output, in a bid to keep inflation below 15 percent in 1995.

Consumer prices, which include services as well as goods, climbed 0.8 percent nationwide and 0.7 percent in the 35 major cities during the March-April period.

The central government has also tightened the money supply this year to halt fixed assets investment from stirring up inflation.

During the first four months of this year, the country's total fixed assets investment was 180 billion yuan (\$21.4 billion), up 31.5 percent from the same period last year. But the year-on-year growth in fixed assets investment was 37.2 percent higher.

***Economist Comments on Monthly Price Indices**

95CE0386A Chongqing GAIGE [REFORM]
in Chinese 20 Mar 95 No 2, pp 6-8

[Commentator article by Zhang Zhuoyuan (1728 0587 0337): "The Method of Publishing Monthly Price In-

dices for All Areas Is Seemingly in Need of Consideration"]

[FBIS Translated Text] In recent years, the price issue has become a focus of public attention in China, as sharp price rises have been posing an ever-growing threat to the public livelihood. In 1994, despite repeated government declarations that it could keep the retail price-rise rate under double digits, or below 10 percent, the actual results were very disappointing, with 1994 seeing the retail price-rise rate reaching a high of 21.7 percent and the consumer price-rise rate at 24.1 percent, both more than twice the government's planned control figures. But it cannot be said that the government was unconcerned about the price issue in 1994, as it did take a series of macroeconomic regulation and control steps, employing many administrative means to curb skyrocketing price rises, which did keep the situation from getting completely out of control.

The government has recently taken another specific step by having the State Planning Commission and State Statistics Bureau publish price indices for all provinces, autonomous regions, and municipalities for November 1994, explaining that its aim was to help to urge all areas to conduct comparative examinations, search out gaps and take effective steps to control overly fast price rises, to bring them gradually back down. So it seems that from now on it will publish monthly retail commodity price indices for all areas.

But as far as I am concerned, whether this step is proper and effective still merits consideration.

My first suspicion is that the price indices of some provinces and municipalities are not too consistent with our impressions, with some of the areas of sharper price rises actually ranked as rising least in the price-index ratings of all areas.

My second suspicion is that some comrades working in the statistics sector have told me that local government officials have been interfering with price indices, with some local officials not asking the statistics sector to accurately calculate and report local price indices, but rather asking the pertinent sectors to first investigate the price indices of surrounding provinces and municipalities, and then report a price index lower than that of surrounding provinces and municipalities.

My third suspicion is that there have recently been successive exposures of certain areas falsely reporting statistical data to exaggerate the unhealthy actions of local official achievements, mainly falsely reporting product and economic growth rates, to take credit and seek rewards for someone else's achievements. Retail price index rating has now added a field in which certain

officials concerned with getting rich alone are practicing fraud to "keep up with the Wangs."

Price indices are a comprehensive reflection of a country's macroeconomic operations, or a concentrated expression of macroeconomic figures, mainly the relations between overall supply and demand. On market economy terms, overall price volatility depends largely on government macroeconomic policies, particularly monetary and fiscal policies. When the government pursues a loose macroeconomic policy, that will cause inflation and price rises, while conversely, government pursuit of a tight macroeconomic policy can curb inflation and price rises. So many economics specialists recommend that the government pursue a steady macroeconomic policy, to preserve economic stability and to prevent severe inflation and sharp price rises. This shows that whether prices rise too fast is determined primarily by central government macroeconomic policy.

It is certainly not the case that local governments are incapable of controlling overly fast price rises. Local governments first need to safeguard market order in accordance with law, rectifying all sorts of illegal price-rise activity. They also need to set up and utilize well staple commodity price reconciliation funds, to curb excessive market price volatility. And they also need to establish projects such as the "food basket project," endeavoring to do a good job of supplying their residents with food. But despite all this, as macroeconomic regulation and control is a central government matter, local governments are unable to control macroeconomic trends, so cannot control price trends that are a comprehensive reflection of macroeconomic operations. So it is very hard for all local price indices to serve as the grounds or key basis for judging the work of all areas. As China's transportation and communications develop, with the gradual formation of a uniform domestic market, prices in all areas cannot long remain sharply different.

As the retail price index is an exceptionally crucial indicator, a key basis for pursuing and adjusting our macroeconomic policy, we need to master it quite accurately, to keep from making wrong decisions and policy errors. The method of publishing monthly retail commodity price indices for all provinces (autonomous regions and municipalities) can foster local government interference in retail price indices, showing up mainly as the artificial forcing down of this index, which keeps the statistics sector from independently and objectively collecting, collating, and reporting statistical data, distorts crucial economic information, and affects the quality and results of government macroeconomic policy-making.

In light of the local government assumption of the mission of carrying out state macroeconomic regulation and control, I hold that we might ask localities to first calculate and collate data on local price index change and volatility, and then compare it to our national price index change and volatility. If local change and volatility exceed the national level, that would show that improvement is needed; but if local change and volatility is less than the national level, that would show relative achievement, which would be a good thing for the local public.

Incidentally, with regard to improving our price indices, I recommend that the pertinent sector publish monthly relative linked indices, including monthly relative linked indices for both consumer and retail commodity prices, which would provide a more accurate understanding of price changes and trends. We still remember that our 1989 retail price index growth rate was 17.8 percent, only slightly lower than its 1988 growth rate of 18.5 percent. But if we look at the monthly relative linked indices, then beginning in June 1989, our monthly relative linked index growth rate started to fall, very quickly dropping below 1 percent, which converts to an annual rate of under 10 percent, showing that we had achieved marked success in controlling inflation, as well as that our price-rise rate was clearly lower in 1989 than in 1988. As to whether China's current inflation control has made substantive progress, we also need to look mainly at whether our monthly relative linked indices are steadily falling below 1 percent. In which case, that would show substantive progress, with price rises obviously less than in 1994, or conversely that continued efforts are needed.

***Article on 1995 Economic Development Trends**
95CE0388A Beijing ZHONGGUO GAIGE [CHINA REFORM] in Chinese 13 Mar 95 No 3, pp 16-18

[Article by Xu Lianzhong: "1995: Ten Major Trends in the Economic Development of China"]

[FBIS Translated Text] **1. The national economy will maintain a rather high rate of growth; the growth of GDP will be smaller than 1994, but will remain at around 10 percent.**

In terms of the orientation of state economic policy, ensuring sustained, rapid, and healthy development of the national economy is the key objective of this year's economic work, an objective on which all economic policies will be centered. All regions and sectors will also focus their efforts in this direction; in the absence of extraordinary circumstances, the development of the national economy will not experience large fluctuations; this year our country's economy will continue in a state

of rapid growth. In terms of the international situation, this year the global economy will see accelerated growth, and global trade will be further invigorated. All this will be conducive to the growth of our country's economy. In terms of the domestic situation, this year domestic supplies of energy, raw and other materials, and electricity have been relatively sufficient; such infrastructure sectors as the transportation and post and telecommunication sectors have been developing rather rapidly, and the supply conditions are also better than last year. In 1994, people's savings and foreign-trade exports both increased substantially, with foreign exchange reserves increasing by 140 percent, and therefore the supply of funds for enterprises has also been relatively sufficient this year.

With efforts to proceed on the basis of taking care of both economic growth and the control of prices, this year will see work to control prices under the precondition of sustained, rapid, and healthy development of the economy and to develop the economy under the precondition that the rate of inflation is acceptable to the people. Thus, the state will exercise control over the rate of economic growth through such measures as controlling the size of fixed-asset investment, the total volume of bank lending, and currency issuance, but will not adopt overly harsh measures of fiscal and monetary contraction. Sustained, rapid, and healthy development of the economy will be the basic trend for this year. According to preliminary estimates, GDP will grow by around 10 percent for the year as a whole, representing a rate slightly lower than 1994.

2. The rate of inflation for 1995 will decline markedly as compared with 1994, but the rate of inflation is still at a rather high level.

In terms of development trends, this year inflationary pressure is still very high, but markedly lower than 1994. This year the rates of increase for fixed-asset investment, bank lending, and currency issuance for the entire society will all be lower than 1994, and their inflationary effects will markedly weaken; the general decline of prices of production materials in 1994 fully illustrated this trend. Factors such as price, wage, and exchange rate adjustments carried out two years ago will also exert gradually weakening pressure on the situation of inflation this year. The focus of this year's economic reform in our country has shifted from the reform of the macroeconomic level to reform of enterprise internal mechanisms, and therefore the impact on the situation of inflation caused by changes in macroeconomic level policies and measures will also be reduced. Furthermore, purposeful state efforts to control the excessively rapid growth of consumption funds will

also produce the effect of removing firewood from under a boiling pot in connection with inflation.

Nevertheless it should be soberly realized that inflationary pressure remains high this year: First, as good operating mechanisms have not been established or fully developed in enterprises, most enterprises, especially large and medium-sized ones, are weak in terms of their ability to adapt to market changes. Enterprises find it difficult to shoulder the burden of production and operation resulting from increases in costs, and often try to transfer the cost crisis by raising the selling price of products. At the same time, society's price system as a whole is weak in terms of its ability to adapt to price changes. As a result there has occurred a situation of competitive and reactive raising of prices and of price-increase spirals. Second, in the previous two years, fixed-asset investment, bank lending, and currency issuance increased at a rate which was higher than normal, which had some delayed effect on the situation of inflation this year. Third, such factors as the excessively rapid growth in consumption funds over the past two years in our country and the widespread natural disasters affecting our country's agriculture in 1994, will also increase the difficulty in controlling inflation this year to some extent; the rate of inflation will remain at a rather high level this year. Based on the above analysis, it is estimated that under ordinary circumstances the rate of inflation will be around 15 percent this year. If agriculture should see a bumper harvest and if the macroeconomic-level regulation and control measures adopted by various bodies are appropriate, then it will be possible to keep the rate of inflation close to the target of control efforts—13 percent.

3. In 1995, fixed-asset investment for the entire society will continue to demonstrate a trend of rather high growth, with the increase being estimated at around 20 percent.

Increases in fixed-asset investment, on the one hand, forcefully stimulate economic growth in the relevant year in question in terms of its impact on demand, and, on the other hand, expands production capacity, thereby promoting long-range economic development. Thus, in order to ensure rapid economic growth this year, it is necessary to maintain the increase of fixed-asset investment at an appropriate level. At the same time, in order to suppress additional large price increases, it is also necessary to prevent excessively rapid growth in demand for fixed-asset investment. A rate of around 20 percent for the increase of fixed-asset investment for the entire year is rather appropriate. Keeping the rate of investment increase too low will adversely affect construction of the investment projects discussed above, and can also artificially inhibit economic growth. On the

other hand, too high a rate will be harmful to the price situation, thereby adversely affecting economic stability and the achievement of objectives of macroeconomic regulation and control.

4. In 1995, the national fiscal, credit, and other macroeconomic policies will be in a state of appropriate contraction; the rates of increase for currency issuance, the size of credit, and consumption-fund expenditures will decline to some extent as compared with 1994.

Fiscally, the state will control employee wages and the issuance of bonuses, strictly control institutional consumption, and enhance the work of collecting various taxes on enterprises and the individual income tax to achieve the objective of preventing excessively rapid growth in social consumption funds. Financially, the state will strengthen its control over the size and direction of bank lending, imposing strict controls over loans and the initiation of investment projects for industries which are not in line with the state's industrial policy, enterprises with low economic efficiency, and projects for products which have no market demand, and control the size of lending in terms of both the total volume and composition. However, in view of the need posed by sustained, rapid, and healthy development of the economy this year, the state will not adopt overly harsh measures of fiscal and credit contraction and control as in 1989.

5. In 1995, the domestic market for consumer goods demonstrates a trend of growth amidst stability, as people's consumption continues to grow, with the urban-rural gap in consumption shrinking; the total volume of retail sales of consumer goods is expected to grow faster than 1994 (at comparable prices).

One of the reasons is the rather rapid growth in people's income over the past two years; especially the situation of rural income has seen a change from one of stagnation or even decline in the previous years (1989-1991). In 1993, income for urban and rural people increased by 28 percent and 17.5 percent respectively. Increases for 1994 are estimated to be 34.8 percent and 30.5 percent respectively (referring to the per-capita living-expense income for urban families and the net per-capita income for rural families respectively). Rapid growth in income has provided a material foundation for high growth in consumption. The second reason is that the interest rate for bank deposits is markedly lower than the rate of inflation; the objective fact of devaluation of deposits has to some extent stimulated growth in consumption, while the slump and excessively high risks on the stock market in 1994 also reduced the financial market's role in the diversion of money. The third reason is that the

inflationary effects produced by various factors in the functioning of the economy are obvious and that the role of people's inflationary expectations has increased; all this has stimulated growth in immediate consumption. The fourth reason is the increase in the supply capacity of society; as circulation channels are clear and as means of business marketing have been improved, a unified nationwide circulation market has formed, thus stimulating the circulation of goods. These factors contribute to high growth in the sales of consumer goods. In view of the current trend of development, the market for consumer goods will demonstrate a trend of growth amidst stability this year; it is estimated that retail sales of consumer goods will increase by around 23 percent over 1994, representing an increase of around 8 percent at comparable prices, an increase which is slightly larger than in 1994.

6. In 1995 foreign-trade imports and exports will continue to demonstrate a trend of rather high growth, but the rate of growth will be markedly lower than 1994; in this respect, the growth in exports will be larger than the growth in imports. For the year as a whole exports are expected to increase by around 16 percent and imports are expected to increase by around 14 percent.

With regard to exports, the recovery and rather rapid growth of major Western economies and the expansion of the world market have provided good conditions for our country's effort to expand into international markets. In addition, the domestic economy has enhanced its capacity to supply export goods, providing rich sources of goods for the expansion of exports. At the same time, the 1994 change in exchange rates will continue to have a conducive impact on foreign-trade exports this year; for the year as a whole, foreign-trade exports will maintain a rather high rate of growth. But, as this year's growth will take place on top of last year's growth at a high rate of 31 percent, while last year's growth occurred on the basis of 1993's growth at a low rate of 8 percent, the growth of foreign-trade exports for this year will be markedly smaller than last year. Furthermore, the obstruction of our entry into GATT and the recent increase in economic and trade frictions with the United States will adversely affect foreign-trade exports to some extent this year. With regard to imports, because of the slowdown of economic growth, domestic fixed-asset investment has been suppressed to some extent; the decline in the rate of growth for social demand will inhibit the growth of imports to some extent.

7. People's savings will continue to demonstrate a trend of rapid growth; the balance of savings

deposits is expected to increase by over 30 percent in 1995.

In terms of development trends, in 1994 the balance of savings still increased by as much as 41.5 percent under the situation of a high inflation rate of 21.7 percent for the year as a whole; this year prices will demonstrate a clear trend of decline and this situation will be conducive to the growth of savings. In terms of the direction of flow of people's funds, the surplus funds in the hands of people will continue to flow mainly toward bank deposits, except for necessary consumption; as a result, the balance of popular savings will keep the momentum of high growth, with the growth expected to be around 35 percent.

8. Interregional gaps in economic development are further growing.

As a matter of fact, the conditions of economic development in regions have undergone enormous changes as a result of reform and opening over the past decade and more. The coastal provinces and cities in the east are now equipped with a very strong capacity and a good environment for development, thereby enjoying a very advantageous position in competition with other provinces and cities; this year those coastal provinces and cities in the east may achieve a rate of growth of as high as more than 20 percent. A comparison between the respective situations shows a large gap between some hinterland and coastal provinces in current economic capacities. After the formation of a unified national market and the adoption of a market economic system, the hinterland provinces have been in a very disadvantageous position in their competition with coastal provinces and cities; consequently their rates of economic growth will be markedly lower than coastal provinces and cities. Such provinces and autonomous regions as Guizhou, Heilongjiang, and Ningxia are each expected to see economic growth rates of around 8 percent. The difference between provinces and cities of different regions across the country is as high as approximately 19 percentage points; in terms of absolute values, the size of the economy (GDP) of Guangdong Province, which has the largest GDP, is expected to be 50 times the size of the economy of the Ningxia Autonomous Region which has the smallest GDP; this figure was 32.8 times for 1993 and is estimated to be 37.5 times for 1994 (with Tibet being excluded from the analysis).

9. In 1995 the rate of growth of light-industry production will be higher than heavy-industry production; it is estimated that light industries will grow by 22 percent and that heavy industries will grow by around 18 percent.

This year the trend of light-industry production growing faster than heavy-industry production will be maintained, and the difference in the rate of growth is likely to increase. First, this year fixed-asset investment for the entire society will be smaller than 1994, and therefore the growth in society's heavy-industry demand will continue to slow down; this will affect the growth of heavy industry. Second, demand is now sluggish on markets for production materials nationwide, resulting in widespread declines in prices as well as increases in goods in stock; in addition, the large stock of goods resulting from imports in 1994 will have to be digested this year. Most enterprises are faced with the practical problem of limiting production and reducing inventories. All this will add to the troubles facing heavy-industry production this year; thus, its rate of growth will be markedly lower than 1994. In contrast, as the consumer goods market will experience growth amidst stability and as popular consumption is getting gradually invigorated, light-industry production will receive strong support this year.

10. Our country's agriculture may see a rather good harvest.

First, because of the two rounds of adjustments of grain and oil prices carried out by the state and market evolution, currently, prices for agricultural products are already at a rather high level, and expected income from agriculture has markedly increased. As a result, peasant enthusiasm at large has been mobilized, and peasants have increased input for agricultural production. The large increase in sales of agricultural production materials in the winter of 1994 fully demonstrated this point. High input is certain to bring about high output. Second, as agriculture suffered from widespread disasters in 1994, the state and governments at all levels have given high attention to basic construction relating to farmland irrigation; the localities have improved irrigation facilities for farmland in a planned manner, and the state has increased agricultural investment and lending in a corresponding manner; all this has laid a foundation for agriculture's fight against disasters and efforts to secure a bumper harvest this year.

Double-Digit Growth in Chemical Industry Jan-Apr

*HK1805065395 Beijing CHINA DAILY in English
18 May 95 p 5*

[By Zhang Yuan: "Chemical Industry Increases Production"]

[FBIS Transcribed Text] Production and sales of the country's chemical industry boasted double-digit growth in the first four months because of a thriving domestic

market, said a Ministry of Chemical Industry report released yesterday.

During that period, the output value of the chemical industry reached 71.4 billion yuan (\$8.6 billion) at the 1990 constant price, meeting 34 per cent of this year's plan and representing an increase of 17.1 per cent over the same period last year.

In breakdown, production of 15 of the 16 major chemicals increased. However, production of soda ash dropped 2.1 per cent because of sluggish sales, the report said.

In the January-April period, production of chemical fertilizers was 37.61 million tons, up 15.1 per cent over last year.

The report attributed the growth partly to the 3 billion yuan (\$361.4 million) slack-season reserve funds provided by the State. Because of that support, all of the large chemical-fertilizer plants run at full capacity, and small fertilizer factories run at high capacity.

The chemical industry produced 95,000 tons of farm pesticides, meeting 41.3 per cent of this year's output plan, an increase of 26 per cent over the same period in 1994.

In the first four months, sales of chemical products by enterprises under the leadership of the ministry reached 90.68 billion yuan (\$10.92 billion) at current prices, up 44.7 per cent.

This sharp rise was attributed to robust demand in the domestic market. Figures released by the ministry show that more than 80 per cent of the country's major chemical products sold well in the market, and supply of some products lagged behind demand.

The thriving sales pushed up chemical product prices. According to the report, 77 of the 85 major chemical products had price increases in April, and six products experienced price drops.

However, the report warned that there are some unfavourable factors that will restrict chemical production.

The top problem is the short supply of funds, plus price increases in electricity, coal and raw materials increase burdens on chemical firms. Other problems include the insufficient supply of raw materials because of inadequate transportation, the report said.

Despite the difficulties, the ministry urged its firms to continue to run at capacity and to organize production according to market demands. The ministry's goal is to turn out 56.4 million tons of chemical fertilizers in the first half of this year.

Qingtang River Able To Accommodate Large Ships

OW1705172295 Beijing XINHUA in English
1500 GMT 17 May 95

[FBIS Transcribed Text] Hangzhou, May 17 (XINHUA) — A 1,500-dwt [deadweight ton] ship from Shantou port in east China's Fujian Province entered the Qiantang River for the first time in history and anchored successfully at the Hangzhou port in this capital city of east China's Zhejiang Province Monday.

Hitherto ships over 1,000 dwt could not enter the river as the estuary used to be choked with silt.

In the Song Dynasty (960-1278), the Hangzhou port was one of the four-largest ports dealing with foreign trade in the country. But the later silting up of the river mouth led to a decline in its fortunes.

It was only at the beginning of the 1990s that Hangzhou began to list the development of the river route as one of 10 projects in its Eighth Five-Year Plan (1991-1995).

Radar monitoring stations were built along the banks, and with the help of special vessels, the condition of the river route is monitored around the clock every day.

Now ships of up to 1,500 dwt can travel from Hangzhou along the coast between Lianyungang port in east China's Jiangsu Province and Fangcheng port in southwest China's Guangxi Zhuang Autonomous Region.

Finance & Banking

Financial Reform To Focus on Insurance System

HK1705145695 Beijing ZHONGGUO XINWEN SHE
in English 1258 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (CNS) — According to relevant resources, the reform of insurance system and the development of the insurance market will be the main content of financial reform in China this year.

This year, China will continue to promote reform of insurance system according to the principle of separating the management of business insurance, social insurance, life insurance and loss insurance and separating the functions and responsibilities of administration from those of management, set up life insurance companies and re-insurance companies. At the same time, China will regulate the use of fund in insurance enterprises, raise the insurance reserve rate, increase the strength of insurance enterprises, develop national, regional and professional insurance companies, set up a comprehensive insurance agent system, develop insurance agencies and form an orderly and competitive insurance market. Besides, there will also be breakthroughs in legislation.

This year, the People's Republic of China Insurance Law will be issued, the Insurance Administration Regulations will be drawn up. This is to promote the legalization and standardization of the insurance market.

Up to the end of last year, there had been 400 kinds of insurance. The coverage reached RMB 1,117.35 billion [renminbi]. The revenue from premium was RMB 49.8 billion. The insurance companies provided 876,000 enterprises and 150 million people in China with property insurance, 360 million people with all kinds of life insurance. The compensation fund reached RMB 26 billion. There were 130,000 people engaged in insurance sectors.

Securities Commission Halts Bond Futures Trading
OW1705134195 Beijing XINHUA in English
1322 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — China's securities watchdog issued an urgent circular today to temporarily suspend the experiment in treasury bond futures trading.

All treasury bond futures trading floors should stop transactions on May 18, according to the circular issued by the China Securities Regulatory Commission (CSRC).

No member firms are allowed to build new positions, and the treasury bond futures trading floors are urged to help all member firms offset their positions at negotiated prices by May 31, according to the circular.

In recent months the CSRC has found a series of treasury bond futures tradings conducted against regulations, producing a negative impact at home and abroad.

"China is not yet equipped with conditions for treasury bond futures trading," said the circular.

To protect China's reforms and opening-up, to ensure economic and social stability, and to safeguard the healthy development of the financial market, the CSRC has decided to "temporarily suspend treasury bond futures trading nationwide from today," said the circular.

On the Shanghai Stock Exchange (SSE), China's largest treasury bond futures market, a handful of investors and securities firms have been found exceeding the ceiling imposed by the SSE on their positions, trading in overdraft accounts, building positions with clients' capital, and opening several positions at the same time.

To effectively control "potential risks in the market", the SSE has asked its member firms to stop building new positions and cut their holdings by half.

A few member firms which have violated regulations by taking new positions have been fined and barred from futures trading on the SSE.

Also, earlier this week the CSRC issued an urgent circular aiming at reducing risks in the treasury bond futures market and stipulating severe punishments for illegal activities.

Financial, Trade Zone Taking Shape in Haikou
OW1705112395 Beijing XINHUA in English
1047 GMT 17 May 95

[FBIS Transcribed Text] Haikou, May 17 (XINHUA) — After seven years of preparations, a 4.3-sq-km financial and trade zone has largely taken shape in this capital of south China's island province of Hainan.

A government official said that the zone has attracted more than 120 domestic and foreign firms, which have to date pumped in more than six billion yuan (710 million US dollars) in investment.

Financial and investment agencies already operating in the zone include the Bank of Communications, Agricultural Bank of China, Construction Bank of China, China Investment Bank, Huitong Trust and Investment Corporation, H.K. Macao Securities, Haikou Trade Center, and the World Trade Center.

The official said that more institutions have applied to open businesses in the zone.

He also said that a number of infrastructural facilities including parking lots, a garage, schools, and a public library have been built or are already under construction.

Most noticeable among the big projects to be set up in the zone is the 1.5 billion yuan (178 million US dollars) International Commodity Trading Center, according to the official.

Foreign Trade & Investment

Crude Oil Exports To Reach 17 Million Tonnes
HK1705132295 Beijing ZHONGGUO XINWEN SHE
in English 1141 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (CNS)— Petroleum export and import institutions in China have said that this year, China's export of crude oil is predicted to reach 17 million tonnes, which is less than that of last year.

Last year, China's crude oil export reached 21.09 million tonnes, 18.16 million tonnes of which were from the Daqing Oilfield and 2.93 million tonnes from Shengli Oilfield. Foreign exchange revenue from the

export was US\$ 2 billion. Experts believe that with the rapid economic development in China in recent years, the demand for energy in mainland China has also rapidly increased. Since the output of petroleum does not grow evidently, the export of petroleum of China will decrease year by year. However, with the demand for foreign exchange, the export of petroleum in recent years has been maintained on a considerable scale.

China's targets for petroleum export are mainly Japan, South Korea, the United States, Singapore and so on.

British Telecom Opens Office in Beijing

HK1605124795 Beijing ZHONGGUO XINWEN SHE in English 0808 GMT 16 May 95

[FBIS Transcribed Text] Beijing, May 16 (CNS) — British Telecommunications PLC, or more commonly known as BT, which is the leader in the global telecommunications market, has opened a representative office in Beijing today.

Steve Burdon, BT's Asia-Pacific executive director said that the opening of the Beijing representative office marks an important step forward of BT's co-operation with China. In the forthcoming years, BT will enhance closer co-operation, exchange with the Ministry of Posts and Telecommunications and other government departments of China to develop the China market network.

Prior to the opening of the representative office, BT has signed an agreement with the Ministry of Posts and Telecommunications to provide long-distance telephone call services between China and Britain. Recently, BT has also introduced a renovated service to China, namely the datapak packet switched service which is made possible via the digital data network and international leased circuits that exist between the two countries.

Shanghai Sees Sustained Increase in Foreign Trade

OW1805083095 Beijing XINHUA in English 0546 GMT 18 May 95

[FBIS Transcribed Text] Shanghai, May 18 (XINHUA) — This economic powerhouse in east China has witnessed a sustained increase in the volume of import and export handled by the port in the first four months of this year.

The total value of imports and exports climbed to 11.39 billion U.S. dollars in the four months, up by 37.8 percent over the same period of last year, according to statistics released by the municipal customs office.

The value of imports stood at 5.34 billion U.S. dollars, while that of exports came to 6.05 billion U.S. dollars, increases of 26.4 and 49.7 percent, respectively.

In 1993, the foreign trade volume for the port surpassed 30 billion U.S. dollars for the first time ever. The figure amounted to 36 billion last year.

Analysts here credit this growth to the vigorous development of trade in eastern China and the vast area along the Chang Jiang River, and to Shanghai's increasingly prominent role as the biggest port in east China.

The port's trade this year has been characterized by an increase in the volume of processed products, which account for 2 billion U.S. dollars in imports, up 67.1 percent, and 2.27 billion U.S. dollars in exports, an increase of 62.2 percent.

Local economists express great optimism about the possibilities that Shanghai's foreign trade will continue to soar.

Songjiang Industrial Zone Continues Development

OW1705165595 Beijing XINHUA in English 1513 GMT 17 May 95

[FBIS Transcribed Text] Shanghai, May 17 (XINHUA) — The Songjiang Industrial Zone in Shanghai, China's biggest metropolis, began its second-phase development today, which is aimed at expanding the zone's area from 5.75 sq [square] km to 10 sq km.

According to Wu Hongxing, director of the zone's Management Committee, the second-phase development will focus on attracting foreign funds for key industrial projects, and leading foreign banking and insurance institutions will be invited to open agencies there.

The zone will also attract Sino-foreign joint or cooperative ventures to boost its foreign trade and commerce, and the wholesale business of various materials.

The zone is located in Songjiang, a satellite county of Shanghai. Since 1992, when it was initiated, the zone has approved 130 foreign-funded projects, involving a total investment of 804 million US dollars.

Up to now, 26 well-known multinational companies have started businesses in the zone. Meanwhile the zone has set up 69 projects together with enterprises from other parts of China.

The zone turns out many types of high-tech products, such as video laser disc players, special types of electric wire, automobile meters and cameras.

The director said that the zone will finally cover 20.56 sq km, boosting the development of the local electronics, machinery, biological engineering and pharmaceuticals industries.

Mayor Meets Businessmen From U.S., ROK Firms
 SK1805071195 *Tianjin TIANJIN RIBAO in Chinese*
 19 Apr 95 p 1

[FBIS Translated Text] Mayor Zhang Lichang met with Albersen [name as transliterated], deputy president of the General Electric (GE) and Household Electric Appliances Company of the United States, and Cheng Meiwei, president of the Chinese section of Lucky Gold Star (LG) Electronics Group of ROK and their entourages on 18 April. During the meeting, Zhang Lichang said: Tianjin has achieved tremendous achievements since the 10-odd years of reform and opening to the outside world. At present, we are expediting the new round of opening up and will attain a new level in all endeavors of absorbing foreign capital. All friends will notice that Tianjin will open itself wider to the outside world.

The GE Company of the United States and the LG Group of ROK are noted multinational companies. At present, they have signed contracts with the Tianjin Refrigerator Industrial Company on making joint investment to transform old enterprises, and now it is in an implementation stage. During the meeting, the host and the guests exchanged views on some deep-seated issues on accelerating cooperation. Zhang Lichang said: The success of this cooperative project will play an important role in promoting grafting and transformation of Tianjin's old enterprises. It is hoped that the pace of cooperation will be further accelerated and the project will be started at an early date.

In referring to opening Tianjin wider to the outside world, Zhang Lichang said: Tianjin's opening up is being comprehensively developed. We are now summing up experiences in opening to the outside world and expediting the second round of opening up. Tianjin's cadres at all levels will further emancipate thinking, enhance the sense of opening up, and create a better investment environment. You will see that Tianjin will open itself wider to the outside world. This is the important way for accelerating development.

Zhang Lichang added: The new round of opening up is multi-directional, including internal and external opening up, multi-sphere opening up in the primary, secondary, and tertiary industries, big and small companies, as well as large and small projects. We welcome friends to make investments and cooperate with us as long as their projects are in conformity with the state industrial policies and are conducive to the common development between Tianjin and foreign firms.

Albersen and his entourage expressed appreciation for Tianjin's plot of opening to the outside world, and expressed that they would further expedite the work progress of the existing projects, consider making in-

vestments in other spheres, and actively respond to the call of the Tianjin government.

Zhang Lichang held that Tianjin's new round of opening up should be developed towards a higher layer and based on major projects with high technology, large scale, high proportion of products on the market, and good efficiency. It is necessary to strive to encourage more large companies and financial groups to come to Tianjin.

Zhang Lichang added: During the new round of opening up, we should regard transforming old enterprises with advanced technology and funds as the important task and raise the efficiency of using foreign capital; strive to import one project, develop one competitive product, bring along one trade, and save a group of enterprises, and enable Tianjin to raise the foreign capital utilization work to a new level.

Chen Hongjiang, deputy secretary general of the municipal government, and responsible persons of the municipal planning, economic, and foreign economic relations and trade commissions, the second light industrial bureau, and relevant departments were also present at the meeting.

Agriculture

Ministry on Protecting Pig Farmers' Interests

OW1705224095 *Beijing XINHUA in English*
 1435 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — The Ministry of Internal Trade has urged local governments and state-run food companies to buy more pork from farmers to protect the latter's economic interest.

He Jihai, deputy minister of Internal Trade, told a national food work conference here today that China's pork production is good, and the stock of pigs has increased. However, the low purchasing price of pigs and inflated grain prices have affected pig raising, and some farmers have even destroyed some of their herds.

In China's major pork production areas, the purchasing price of pork was, on average, 6.2 yuan per kg in April, two yuan lower than at the beginning of the year.

On the other hand, the price of corn surged to 1.6 yuan per kg, making pig raising unprofitable.

To prevent a continuing price decrease, the deputy minister called upon local officials and food companies to purchase more pigs at higher prices. Pork consuming areas should also expand their stockpiles through more purchases from major production regions.

Official Calls For Efforts To Conserve Water

HK1705080395 Beijing CHINA DAILY in English
16 May 95 p 2

[By Yang Yingshi: "Thirsty Nation Needs To Conserve"]

[FBIS Transcribed Text] Construction Minister Hou Jie yesterday called for national efforts to save water as the nation is threatened by a severe lack of water in urban areas.

"Among 600 cities across the country, more than 300 are facing a lack of water of different extents.

"And 30 of the 32 large cities with a population of more than one million have long been perplexed by water shortages," Hou said at a conference in Beijing.

Each year an average of 230 billion yuan (\$27.4 billion) in industrial output value has been affected by water deficiencies, he told the conference, which lifts the curtain to a week-long publicity drive on water-saving throughout the country.

The ministry wants half of the newly increased urban water supply to come from water-saving 2000 — which means there is much to be done, said Hou.

The minister urged stricter law enforcement in accordance with the implemented rules on watersaving.

Over the past few years, the government has formulated 10 rules and regulations on watersaving in urban areas, achieving some progress.

Hou also encouraged more efforts to develop modern technology as well as new water-saving products for family use.

Water tank leaking in flush toilets, for instance, is a problem that concerns government leaders as well as ordinary people.

Sources from the conference said China has up to 40 million toilet water tanks, which cause water loss of over 100 million cubic metres each year.

According to Hou, his ministry and the State Bureau of Building Materials Industry have organized renovation work on old water closet products and have introduced 24 standard producers of such projects across the country.

The minister also revealed that the government is considering raising water prices, which he said are too low and cause water to be wasted.

China has only one-fourth of the average per capita water reserve in the world, but conditions have improved in recent years.

From 1990 to 1994, a total of 9.8 billion cubic metres of water was saved and the recycling rate of industrial water is now 60 percent, up from 45 percent in 1989.

The amount of water needed for 10,000 yuan (\$1,190) of industrial output value has dropped to 140 cubic metres from 270 cubic metres in 1989, Hou said.

State Agency Established To Regulate Farm Co-ops

HK1705073595 Beijing CHINA DAILY in English
16 May 95 p 1

[By Ma Zhiping: "Agency To Regulate Farm Co-ops"]

[FBIS Transcribed Text] A state agency was set up in Beijing yesterday to oversee the country's 30,000 rural supply and marketing co-operatives which serve China's 900 million rural residents.

The All-China Federation of Supply and Marketing Co-operatives, under the State Council, the country's cabinet, will be responsible for guiding and regulating fast-growing agricultural development, for making the country's rural supply and marketing co-operatives comply better with international practice, and for better serving the agricultural sector.

That's how officials attending the second national conference on supply and marketing co-operatives described the new agency.

State Councillor Chen Junsheng was elected chairman of the new group's board of directors by 750 participants representing the country's 160 million rural household members and 5.8 million workers which use some 32,000 co-operatives.

The conference was held to help carry out a recent State stipulation on supply and marketing co-ops. The stipulation asks the co-ops to stick to collective ownership in China, which joined the International Co-operative Alliance in 1985.

During the four-day gathering which ended yesterday, participants reached understanding on the importance and urgency of co-operatives reform.

Almost half of the co-ops — 40 per cent — are facing economic losses, as they still trek the route of the planned economy.

Participants also discussed business scope, the unreasonable collection of various fees which have become a burden for many co-operatives, and the necessity of granting the rural economic bodies preferential policies to support their development.

Co-operatives have become a basic and popular means to promote economic development in the world. They

are popular because they socialize services and pool together efforts, saving time and raising efficiency.

*Grain Sale Pricing Formulas Described

95CE0378A Chongqing XINAN JINGJI RIBAO
in Chinese 4 Mar 95 p 2

[Unattributed report: "Government Inaugurates Grain Sale Pricing Methods"]

[FBIS Translated Text] 1) There are three steps for the pricing of locally produced and locally sold grain, as follows: A) The procurement step: The raw grain supply price (the price at which processing concerns buy the grain) equals the raw grain procurement price plus procurement costs plus a reasonable amount of waste or loss plus interest plus profit, the cost-profit ratio to be no more than 2 percent. B) The processing step: The ex-factory (wholesale) price equals the raw grain supply price/grain output rate plus processing costs plus income from byproducts plus finished grain storage costs plus marketing costs plus interest on storage plus industry profit. C) The retail step: The retail price equals the ex-factory (wholesale) price times (1 plus the wholesale and retail price differential), including a wholesale and retail price differential of no more than 8 percent.

2) Marketing area (including marketing areas within the province and shipments into the province) grain sale prices: A) Wholesale price: The raw grain and the finished grain wholesale price equals the province (internal and external) producing area purchase price plus costs plus profit, the profit not to exceed 1 yuan per 50 km. The wholesale price for the sale of raw grain shipped into the marketing area following processing into finished grain is figured on the basis of the company price for locally produced and locally marketed grain at the processing step. The raw grain supply price equals the purchase price within the province (or in outside producing areas). The retail price equals marketing area wholesale (ex-factory) price times (1 plus the wholesale-retail price differential), the wholesale-retail price differential not to exceed 8 percent. The sale price of grain in areas receiving grain shipments from elsewhere is to be set on the basis of an average for the amount of grain shipped in and the amount of locally produced and locally sold grain.

*National Grain Procurement Reported

95CE0415J Beijing JINGJI RIBAO in Chinese
5 May 95 p 1

[FBIS Summary] As of 31 March the end of the grain year, China had procured 89.69 billion kilograms, exceeding the procurement plan.

Henan To Improve Agriculture With Foreign Funds

OW1705110195 Beijing XINHUA in English
0838 GMT 17 May 95

[FBIS Transcribed Text] Zhengzhou, May 17 (XINHUA) — The UN/FAO [United Nations Food and Agriculture Organization] World Food Program is shipping 100,000 tons of wheat to central China's Henan Province to help it improve low-yield farmland in Xinyang Prefecture.

"This is the largest foreign aid that the province has ever received," an official in charge of grain production said.

According to statistics, Henan has used a total of 70 million U.S. dollars in foreign funds to improve rural conditions.

The funds have included interest-free and low-interest loans, donations, technology and material in kind from the World Bank, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the International Fund for Agricultural Development, and foreign governments.

The province has completed 11 agricultural projects so far, and one still under way in Xinyang. It includes the building of irrigation facilities, afforestation, the improvement of drinking and sanitation conditions and the training of farmers in four poor counties. With a total investment of 16 million U.S. dollars, the project is expected to be completed in the year 2000.

The official said that Henan ranks fourth in the country, after Jiangsu, Shanghai and Zhejiang, in money borrowed from the World Bank.

By the end of last year, the province had used 900 million U.S. dollars in loans from the World Bank.

Jiangxi Expects 30 Percent Increase in Harvest

OW1805032495 Beijing XINHUA in English
0112 GMT 18 May 95

[FBIS Transcribed Text] Nanchang, May 18 (XINHUA) — Jiangxi Province in east China is expecting a 30 percent increase in output of spring grain crops this year, local officials said today.

Spring grains now being harvested are estimated to reach 188,500 tons in the inland province this year, 43,500 tons more than last year, the officials said.

The output of barley and wheat is forecast at 109,500 tons, up 12,000 tons, while broad beans and peas will total 79,000 tons, 50 percent more than last year.

Meanwhile, officials said that the province will turn out a record 735,000 tons of rapeseeds this spring, an increase of 250,000 tons or 51.5 percent over last year.

Although the province has witnessed frequent cloudy and rainy days this year, a steady rise in the area of cultivated land and improvements in field management have led to the bumper harvest, local officials said.

Inner Mongolia Expects Good Grain Harvest

*OW1705103395 Beijing XINHUA in English
0854 GMT 17 May 95*

[FBIS Transcribed Text] Hohhot, May 17 (XINHUA) — The Inner Mongolia Autonomous Region in northern China is expecting a good grain harvest of 10 million tons this year though it has been hit by a serious dry spell.

Local officials said today that the average grain output per capita will reach 450 kilograms in the region this year, 100 kilograms more than the national average.

They said that 2.35 million hectares of cultivated land have been affected by drought for the past months, one-third of the region's total farmland.

"But because we have built up effective agricultural infrastructures to offset the negative impact of drought, we will still be able to reap a good harvest," Gu Jinhua, chief of the region's Agriculture Bureau, said.

He attributed the expected good harvest to improvement in production conditions, application of advanced technology and an increase in capital input by the government in recent years.

The region, with a population of 23 million and an area of 1.18 million square kilometers, used to rely partly on grain supplies purchased from other provinces seven years ago.

However, it has managed to expand grain output to above 10 million tons since 1990, and become more than self-sufficient. The region turned out 10.83 million tons of grain in 1994.

Liaoning Makes Arrangements for Grain Supply

SK1805023995 Shenyang LIAONING RIBAO in Chinese 19 Apr 95 p 1

[FBIS Translated Text] The provincial grain work conference was held in Benxi from 11 to 13 April and attended by directors from the grain bureaus of 14 cities, counties, and districts as well as the managers of a number of enterprises. Liu Ketian, vice governor of the province, attended and addressed the work conference.

The conference contended that succeeding in grain production and management represents a matter of

prime importance in ensuring the country is prosperous and the people live in peace. The province suffered disasters on a large scale last year, causing the reduction of grain output and bringing about certain difficulties in the market supply. However, we should also note the hope and favorable turn. The grain price increases caused by the contradiction between grain demand and supply is favorable for bringing into play the enthusiasm of peasants in planting grain crops. It conforms with economic law and can arouse an increase in the total grain output fundamentally. In view of the country as a whole, grain production this year is expected to be better than last year. In line with the demands set by the provincial party committee and provincial people's government, the province's grain supply front has adopted every possible way to ensure the supply of food grains for residents across the province. Since last autumn, the front has organized the grain purchase of more than 1.5 billion kg and the oil-bearing seed purchase of near 50 million kg. Recently, the provincial authorities took 10,000 tonnes of grain out of state granaries and put them on the market. Meanwhile, the authorities have done a good job in making arrangements for grain stores to sell a number of grains and cooking oil in fixed quantities and at fixed prices, enabling grain prices to fall after an increase.

It was stressed at the conference that tasks in the future should be focused on increasing the volume of grain purchases. By regarding grain production as a main task, various localities should open few projects that make perfection still more perfect so as to ensure the successful supply for grain markets and to stabilize grain prices. In particular, we should give priority to making arrangements of ration grain supply for urban residents with low incomes and for resident students of higher educational institutions.

***Article Views Liaoning Corn Seed Glut**

*95CE0378C Shenyang LIAONING RIBAO in Chinese
23 Mar 95 p 2*

[Article by correspondent Peng Shufen (1756 3219 5358): "To Whom Can We Sell 30,000 Tons of Seeds? Some Thoughts About the Province's Seed Corn Glut"]

[FBIS Translated Text] The first day of spring has come and gone. By now, households everywhere have just about all the seed they need, but seed-growing peasants have 30 million kg of seed on their hands for which they are still looking for customers. Seeds that once had a value of between 2 and 3 yuan per jin have become commodity grain having a value of 0.60 or 0.70 yuan per jin. Some seed growers would like to cry but cannot, would like to lament but can find no words. (1)

During late autumn and early winter in 1994, virtually every jurisdiction in the province engaged in a simultaneous seed procurement war. On 9 November, this newspaper reported the news in an article headlined, "Seeds Entirely Sufficient For Next Year's Needs," publishing an "editor's note" with it. This news item was a factual report about seed output throughout the province, which provided an accurate analysis of the demand for seeds both inside and outside this province. It also repeatedly warned peasants that on no account should they mindlessly hoard seed in hopes of a price rise, thereby missing fine opportunities to sell them. However, within three months after this article appeared in the newspaper, numerous seed-growing peasants have missed the last bus for selling their seed even at a reduced price. They have really suffered a major setback.

Agencies in charge of seed in the province estimate that the peasants in more than 10 counties and prefectures in western and northern Liaoning have 30 million kg of seed corn on their hands for which they have not found customers. Past practice shows that unless such seeds are moved before Qingming Festival, they have to be sold as ordinary commodity grain.

Losses from the conversion of seed grain to commodity grain can be seen with just half an eye. The seed procurement price in 1994 averaged about 4 yuan per kg of corn; at current prices, corn fetches about 1.40 yuan per kg. This means a loss of nearly two-thirds of output value in less than 100 days because of hoarding for speculation.

The possibility that this 30,000 kg of corn will enter the market as seed corn is very uncertain now.

(2)

Natural disasters in the form of floods and droughts reduced seed yields throughout the province in 1994, it is true. However, artificial fears and other abnormal factors exaggerated this reality. Consequently, the peasants, who have little experience with "the market," mistakenly supposed that seed prices would rise tremendously in 1995. Holding off selling in anticipation of a price rise or withholding seeds to cause a price rise was their plan.

The province's estimated seed output for 1994 was 250 million kg (substantially the same as the actual output), but actual peasant-reported output was less than one-half that. The peasants reported one-half of output as resulting from "reduced output" or "aborted harvest" in order to "lay an ambush." Seed-growing peasants wanted to sell less seed corn or none at all, while seed companies wanted to buy as much as possible in order to honor contracts. Thus, a conflict arose, of course.

Many seed-growing peasants thought of ingenious ways to hide seeds. Some seed-growing peasants in Tieling, Chaoyang, and Jinzhou prefectures used the methods shown in "tunnel warfare" movies. They hid seeds in vegetable cellars, chimneys, kang flues, and pillows. Some even hid them in coffins maintained in villages for use in cremations. On 30 October 1994, a seed-procurement unit in Chaoyang obtained nearly 10,000 kg of seeds from the ammunition dump of a certain unit. Despite the many actions each jurisdiction took, such as persuasion, indoctrination, examination, interception, etc., because the "initiative" lay in the hands of the peasants, the seed companies were still unable to gain the upper hand in procurement.

Now that the peasants have brought out into the open the output they hid and underreported, how do they feel?

(3)

On 6 March, and again on 9 March, nearly 100 peasants from Xiatazi village, Dongyaobao village, and Dujiang village of Xibao Town, the county seat of Tieling County, went to the city and the county seeking government help with "difficulty selling seeds."

People remember that at procurement time in 1994, all seed company personnel in Tieling County turned out to buy seeds, and that it was only after tremendous effort that they managed to obtain 3 million kg. Thus, only 10 percent of the contracts for seeds that they had signed with customers in other provinces could be honored. Not only did the seed companies have to pay a 1 million yuan indemnity, but they lost their reputations. At first, everyone from the manager to employees scurried around from house to house doing ideological work, but persuasion education had no effect. The county government convened several meetings that principal leaders from agencies concerned and seed-propagation-based townships attended at which they issued firm quotas to county and township cadres to be met by villages and households. They also made a point of issuing directives. Some township and town cadres carrying gunny sacks went from one household to another to apply pressure. Some townships and towns even came up with more draconian methods. They had schools mobilize students to work on heads of families. Even so, the peasants did not change their original intentions. Some of them shipped seeds to neighboring villages, and some hauled them away in the trunks of rented vehicles. At the end of 1994, nearly a hundred customers, contracts in hand, occupied the Tieling County Seed Company office, refusing to leave. They beseeched the company for seeds, and some of them even knelt before the manager and kowtowed. Some damned the seed company for villany. But the

company's storehouse was completely bare, and the seed company manager could say nothing in self-defense. He did not know what to do.

Now, faced with appeals from the peasants, the manager and employees of the Tieling County Seed Company do not know whether to laugh or cry. Situations similar to the one in Tieling County exists elsewhere as well. "If only they had known that today would come, they might have acted differently earlier." The seed-growing peasants woke up too late.

The seed company was the main victim of the seed-growing peasants' hoarding and the concealment and underreporting of output. In order to meet spring planting needs within the province, many companies had to buy seeds at high prices outside the province. In Hulutao City, the Lianshan District Seed Company bought 150,000 kg of seed from other provinces, but because the local seed-growing peasants hoarded large quantities of seeds, they have been unable to sell these seeds, which remain in their warehouse even now. According to a comrade in charge at a seed-control unit, various jurisdictions now have at least 5 or 6 million kg of seeds that they purchased outside the province.

Even more serious was the loss of reputation. Reportedly the provincial seed companies honored contracts only about 57 percent of the time, and because of the decline in their esteem, many seed companies lost many partners with whom they had cooperated for a long time. It is said that large customers in Anhui, Shandong, and Henan provinces, who formerly bought seeds in our province, have begun to expand their own seed fields in 1995.

(4)

What lessons remain from the 30,000 kg oversupply of seeds?

Lesson 1: Peasants who enter the market cannot rely solely on their feelings and experience in doing things. Granted that there were external reasons why some seed-growing peasants lost heavily from hoarding seeds for speculative purposes, nevertheless, the main reason was of the peasant's own making. Waiting for a higher price is the right thing to do when selling farm products in general, but seeds are a state monopoly that are not permitted free circulation. Some seed-growing peasants suppose that "if I don't sell to your company, I won't have trouble selling elsewhere." They rely on hunches about the market situation. Is it any wonder they flopped?

Lesson 2: Peasants who enter the market should have a better knowledge of the law. Before spring sowing began in 1994, the seed-growing peasants signed planting

and procurement contracts with various seed companies that set forth clearly the duties and responsibilities of both parties. One should say that the two parties had a legal pact. Even though many seed companies made various concessions outside the contract, correspondingly increasing the seed procurement price, and also providing township and village units responsible certain subsidies, the peasants still "held back" seeds, refusing to let them go, brushing aside entirely both the legal restraints of the contracts and the preferential treatment accorded in addition to the provisions of the contract. Some years ago, many peasants lost their shirts from growing mountain sesame and raising caolita [5430 3706 3758] because buyers did not abide by contracts. They cursed buying companies for not keeping their word. But now that they themselves have suffered big losses for failure to abide by contracts, just how do they feel?

Lesson 3: Peasants who enter the market must possess accurate information. Not long ago when he talked to the correspondent, Chen Guoxiang, the deputy secretary in charge of agriculture in Beipiao City said that the seeds in the hands of seed-growing peasants in Beipiao had been completely taken care of, but he said repeatedly that was attributable to this newspaper's disclosure last year of pertinent information. The lessons of both positive and negative experience tell us that possession of correct information is a main factor determining peasant success or failure in markets.

There are also numerous problems that we should conscientiously think about regarding revamping the seed market. One such is the inability of seed markets to get rid of intervention by some illegal buyers and dealers in the past several years. Even though every jurisdiction confiscated their wares and fined them, because of the lack of follow through and insufficiently severe methods, the hidden danger has never been eliminated. Had we prepared fully during 1994, eliminated intervention, and not given illegal buyers and operators any opportunities, the losses of both seed growers and buyers would have been reduced to the minimum. What is more, we still lack the ability to change when confronted with sudden market shifts. The lashing out in all directions of some units and setting up road blocks to intercept speculative reselling of seeds also created an artificially tense atmosphere about seeds, which reinforced the seed-growing peasants' ideas about waiting for a higher price, etc.

The sowing of wheat has already begun; spring farming is at hand. We should sober up from the lessons of the oversupply of 30,000 kg of seeds. This will be beneficial for everyone.

***Liaoning Enterprises Provide Subsidies for Cotton**

95CE04151 Shenyang LIAONING RIBAO in Chinese
11 Apr 95 p 1

[FBIS Summary] In 1995 production enterprises that use cotton in Liaoning Province will give a subsidy of 160 yuan per dan. Major cotton-producing counties will give a subsidy of 10 yuan per mu for plastic film.

***Liaoning Reports Crop Production Costs**

95CE0415H Shenyang LIAONING RIBAO in Chinese
26 Apr 95 p 2

[FBIS Summary] According to a survey of some areas in Liaoning Province, the cost of planting one mu of corn in 1994 was 192.52 yuan, this year the cost will be 257.87 yuan; in 1994 the profit per mu was 207 yuan, this year it will decrease to 142 yuan. The cost of planting one mu of rice was 301.69 yuan in 1994, this year it will be 366.54 yuan; the profit per mu was 378.31 yuan, and this year it will be 313.46 yuan.

Farm Machine Service Stations Advance Mechanization

OW1705114895 Beijing XINHUA in English
1114 GMT 17 May 95

[FBIS Transcribed Text] Weihai, May 17 (XINHUA) — Weihai, one of the most developed areas in east China's Shandong Province, has achieved farm mechanization by establishing farm machine service stations in villages.

An official of the Weihai City Farm Machines Bureau said that such stations have been set up in all of the 2,768 villages in suburban areas.

Weihai now has 340,000 tractors and other large farm machines with a total of 2.12 million horsepower, the official said, adding that at least 95 percent of ploughing in rural areas is done by machines.

A case in point is the Buye Village Farm Machine Service Station, which has 18 harvesters, 100 tractors and 100 irrigation machines, as well as spraying machines imported from Israel.

He said that every station has a repair workshop, diesel oil depot and an accessories warehouse to make repair and supplies of oil and accessories easier for local farmers.

Governments at various levels have tried hard to spread the use of new farm machines and agro-techniques.

Since 1990, 8,400 new farm machines have been used, and 360 pilot centers have been set up for the promotion of farm machines and new technology in Weihai's rural areas.

A new wheat seeding technique that saves seeds by 75 kilograms and increases output by 750 kilograms per hectare on average has been applied to 80,000 hectares of farmland, accounting for 60 percent of Weihai's acreage for wheat.

Since 1990 farmers have bought an estimated 10,000 tractors a year, the official said.

***Sichuan Reportedly Sets Up Grain Reserve System**

95CE0378A Chengdu SICHUAN JINGJI RIBAO
in Chinese 25 Mar 95 p 3

[Article by Hua Liang (5478 5328): "Province Sets Up Tri-level Grain Reserve System; Increases Regulation and Control Capabilities; Stabilizes Market Supply"]

[FBIS Translated Text] A long contemplated grain reserve system has been set up in the province to ensure effective supply, hold down inflation, and maintain market stability.

State control of needed grain provides an important material basis for stabilizing grain markets and the overall situation. In response to a State Council requirement and the grain market supply situation in recent years, the provincial government decided that state grain departments must ensure no change in the annual procurement of 10 billion jin of grain for several years. This includes a state-prescribed fixed procurement quota of 7.02 billion jin, and a producing area planned procurement of 2.98 billion jin to ensure aggregate balance and to stabilize market supply.

This provides the basis for founding and perfecting a grain reserve system to increase government market regulation and control abilities. For this reason, the province regards founding of a grain reserve system as the key point in further intensification of the grain procurement and marketing system, and an important requirement for greater state regulation and control of grain. Not only has the province actively striven to continue to increase state reserves in the province, but it has set aside 1.5 billion jin from the current year's grain procurement as a tri-level local grain reserve. This includes a province reserve of 1 billion jin, a municipal (prefecture and zhou) reserve of 200 million jin, and a county reserve of 300 million jin. The banks have been asked to provide the credit needed for the local grain reserve. Expenses, interest payments, subsidization standards, and methods are to be handled in the same way as for state reserves and paid for out of the grain risk fund.

Grain set aside for the grain reserve must meet government medium quality standards or higher. Moisture content and contaminants must be within certain limits

to ensure safe storage. Credit funds for the set aside reserve grain are held in an earmarked account, the credit line runs for the period of the reserve, and the credit interest rates for grain, cotton, and oil-bearing crop procurement apply. Grain units at each level keep separate records and make final settlements for reserve grain, handling it as an added-value-type reserve with profits and losses being applied to the grain risk fund. Central government reserve grain calculation and disbursement standards apply to storage expense subsidies and interests subsidies. The date for calculation and disbursement for wheat begins on 1 June; for rice, 1 October. After sale, a storage mark-up fee, interest, reasonable handling expenses, and a modest profit must be added to arrive at the final settlement price.

The provincial government has made the reserve the responsibility of state-owned grain units. Some granaries

under direct control of the province have been built, and grain management and allocation has been improved to ensure that the reserve grain is well cared for, transported, and used. The right to use local reserve grain resides with governments at various levels. No unit or individual has the authority to use this grain without approval from the government at the same level. Reserve grain may be used only to stabilize the market; it may not be diverted to other purposes. Governments at all levels must improve leadership by instituting city mayor and autonomous district magistrate, commissioner, and county magistrate responsibility systems and making them a part of government management by objective; conduct strict evaluations; and do a truly good job of caring for and using local reserve grain to stabilize the market and calm people's fears.

East Region

Jiangxi Links Three Telecommunications Networks
HK1705131695 Beijing ZHONGGUO XINWEN SHE
in English 1141 GMT 17 May 95

[FBIS Transcribed Text] Nanchang, May 17 (CNS) — Jiangxi Province has successfully realized the formation of the network of its three telecommunications projects: wireless paging, mobile telephones and telephone cards. This marks a new stage of development in the province's level of telecom services.

The formation of the network of the three telecom projects is based on the fact that all cities in Jiangxi have realized programme-controlled switchboard and digital transmission. Construction for the wireless paging network project, started since last September, and was completed after more than six months. In the first phase development of the project, a total of over 60 million yuan was invested to render a capacity of 1 million subscribers and form a network within 11 prefectures and cities and 30 counties. Meanwhile, mobile telephones in the province have formed into a network covering 22 provinces and cities nationwide. Today, Jiangxi has realized the so-called "Telephone Card 200" network throughout the province.

Shanghai To Invest in Sewage Treatment Plants

OW1705112495 Beijing XINHUA in English
1047 GMT 17 May 95

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — Shanghai is to invest one billion yuan in garbage treatment plants to have all its garbage treated by 1997, the "Xinmin Evening News" reported.

The largest metropolis in China is to build a few more garbage treatment plants or furnaces around the city. By 1997, the city will be capable of treating 9,745 tons of garbage a day.

By that time, the city is expected to produce 9,665 tons of garbage a day.

The treat plants will use biological means to make the garbages poisonousless before burying them underground, according to the report.

Shanghai Establishes Largest Pager System in Nation

OW1705143395 Beijing XINHUA in English
1349 GMT 17 May 95

[FBIS Transcribed Text] Shanghai, May 17 (XINHUA) — The opening of the largest Chinese-language pager station in this largest economic center in China today makes it the leader among the country's flourishing pager system networks.

The pager station, established by the Guo Mai Communications Company Ltd, has a designed capacity of 300,000 subscribers, accounting for 10 percent of the total number of subscribers in the country.

The Guo Mai Company introduced the Stratus communication system from the United States as the heart of its pager system, which was expanded on a large scale last year as it could not meet the soaring demand in Shanghai, is expected to have 400,000 pager subscribers this year.

Central-South Region

Henan Women Benefiting From Birth Control Policy

OW1805104095 Beijing XINHUA in English
0930 GMT 18 May 95

[FBIS Transcribed Text] Zhengzhou, May 18 (XINHUA) — Rural women are the biggest beneficiary from the implementation of the birth control policy, which has been pushed nationwide since the 1970s.

This is a conclusion of a recent survey conducted by the Henan Provincial Society on Population and Henan Institute of Population covering 100 rural households from seven counties of Jiaozuo City, central China's Henan Province.

Most of the housewives interviewed share the view that they have more energy and time to go in for other pursuits and make their own families rich and their life more colorful now that they have only one or two children to look after.

The families have all observed the birth control policy, and most of the couples only have one child, or two children at most. Their per capita income is above 2,500 yuan a year, some 1,000 yuan more than the average per capita income for all farmers of the province.

Tian Ju, a 36-year-old woman farmer from Sizhuang Village, Nanzhuang Township of Mengxian County, has two daughters. Tian, together with her husband, has been running a workshop for producing felts and shoe-pads since 1992, in addition to farm work on four mu (one mu equals to 0.067 hectares) of farmland she and her husband had contracted from the village.

Products from the workshop are selling well in the market, and from this alone, Tian earns more than 15,000 yuan a year. Local villagers all admire the family.

"If it were in the past, I would have to try to have a boy," said the housewife. Looking back at her own experience, Tian said: "The energy and time of a human being are

limited. With more children, we can hardly find time to go in for farming and other economic operations, nor to live a comfortable life with more mouths to eat."

Women in rural China used to have no say in having children and they were usually forced to give births one after another under the pressure of their family members and the society.

The survey shows that rural women now have a decisive voice on birth, and their opinions are respected by their husbands and relatives, thanks to the improved economic status of rural women and the adoption of the birth control policy nationwide.

Wu Xiaocai, another villager from Taizi Village of Gaomiao Township, Bo'ai County, only has one child. Wu himself is a teacher with the village-run school. His wife, Li Ai, runs a general merchandise shop near their home besides doing farm work on the contracted farmland. When Li expressed the hope of having only one child, Wu agreed with her.

"Everything in the family depends on her, she would have had to care for the children all day long and could not squeeze any time to do other things if we had one more baby, and our comfortable life today would have more problems."

Many female interviewees said that they support the policy of "one child for each couple", as they fully understand that more children do not mean greater happiness, but mean more hardship for parents.

Most of the housewives of the surveyed families had received junior or senior high school education, they have showed more attention to cultural life in the family and pursue a brand new life style besides managing to make more money.

Information from the Henan Provincial Statistics Bureau shows that Henan has seen 600,000 fewer births a year since the country adopted the one child policy, and last year, the province had 150,000 fewer births than 1993.

The implementation of the birth control policy has also brought about other changes in rural women's life.

A total of three million rural female farmers in the province have attended training courses of various kinds and become workers in rural enterprises.

Some 1.72 million illiterate rural women have learned to read and write, and 10 million have mastered at least one practical skill, and 60,000 rural women have become agro-technicians. In addition, 400,000 rural women in the province have been promoted to leading posts at various levels.

Southwest Region

Sichuan Province Preparing for Anti-Flood Drive

OW1805033895 Beijing XINHUA in English
0205 GMT 18 May 95

[FBIS Transcribed Text] Chengdu, May 18 (XINHUA) — Southwest China's Sichuan Province is sparing no efforts to prepare to fight flood which is likely to occur this year.

By the end of April, some 182 million yuan has been spent on the construction and renovation of anti-flood projects. So far, more than 90 percent planned projects have been completed.

No serious flood hit Sichuan in the past few years but suffered one of the most serious drought in history last year. Meteorological departments predicted that the province may have a medium-level flood this year.

To ensure security of the people in the areas that may be hit by flood, a series of anti-flood measures have been planned this year.

Progress Noted on Tibet's 40th Anniversary

OW1805095995 Beijing XINHUA in English
0924 GMT 18 May 95

[FBIS Transcribed Text] Lhasa, May 18 (XINHUA) — The Tibet Autonomous Region is having its 40th birthday this year and the system of autonomy has promoted political progress, economic prosperity, and social development in the highlands.

The local legislature, based on political, economic and cultural realities of the region, has passed 150 laws and regulations, which have helped to maintain stability and social and economic growth.

The Chinese central authorities have developed a series of favorable and flexible policies for the region, so that local productive forces could be released and enclosed economic structure opened to the outside world.

Agriculture and animal husbandry keep growing, domestic and foreign trade have found new avenues, local finances have been steadily growing, and the general economic situation in the region is improving.

The economic growth rate of this region reached 8.6 percent last year and per capita income for residents was 555 yuan, meaning that majority of the local people were well fed and clothed. Progress has also been made in the fields of education, science and technology, culture, and public health.

The local legislature, the regional people's congress, is composed mainly of Tibetans and other minorities.

The heads of the standing committee of the regional people's congress have always been Tibetan, with Han members accounting for only 20 percent of the local legislature.

In last year's election, of the 6,411 people's deputies above the county level elected by the 1.2 million voters in the region, 92.62 percent were Tibetans or from other minorities.

The Communist Party of China and the central government have always paid close attention to training leaders of ethnic minorities in Tibet. Of the cadres at various levels in the region, those from Tibetans and other ethnic minorities account for 70.3 percent.

The rights and interests of the Tibetans and other ethnic minorities are guaranteed in this way, also securing equality and mutually beneficial relations with the Han people.

The system of autonomy also safeguards the freedom of religion in the region and protects the practice of religious activities.

In the past 10 years, several traditional religious holidays have been resumed and many religious sites built, rebuilt, or re-opened.

The central government has spent a large amount of money in repairing the Potala Palace, the Jokhang Monastery, and Samyai Temple.

The Tibetan language has also been respected and listed as an official language for the autonomous region, where all the important government documents and conferences must be bi-lingual.

North Region

Pollution Treated in Beijing's Largest Lake

OW1805032295 Beijing XINHUA in English
0205 GMT 18 May 95

[FBIS Transcribed Text] Shijiazhuang, May 18 (XINHUA) — China has made marked progress in treating the pollution and afforesting the banks of Baiyangdian Lake, the largest freshwater lake in north China.

The lake, which covers an area of 366 sq km in Hebei Province, is one of the important factors adjusting the climate in north China. Because of the severe droughts over the past several decades, the lake was drained for a period in the middle 1980s. After it was refilled in the rainy season in 1986, it was affected by severe pollution created by the rapidly developing industry at the upper reaches. In 1992, State Councillor Song Jian was assigned to be in charge of mapping out a plan to treat the pollution. The last few years has witnessed marked progress.

To date, the Chinese Government and the Netherlands have jointly spent 160 million yuan building two urban sewage treatment plants with a daily capacity of 100,000 tons each in Baoding city, the largest resource of pollution at the upper reaches of the lake. The infrastructural projects have been completed and the whole project will put into operation within this year.

At the same time, the Chinese Government has shut down the largest two papermaking mills in Baoding. The government took out 23.9 million yuan for the production transfer of the two mills. Meanwhile, twelve other polluting enterprises at the upper reaches have all improved or built sewage treatment facilities. Local authorities have set up environment monitoring teams to ensure the normal operation of the facilities.

Nearly 400,000 people are living around the lake, which poses a problem to the environment of the lake. Anxin county, where the lake is located, has spent ten million yuan improving the toilets and dumps and building impermeable toilets and rubbish treatment facilities. To prevent the pollution of motor-driven vessels, local authorities have put the number of motor-driven vessels under strict control and have all such vessels renovated. The aquatic cultivation structure has also been adjusted for the purpose of lowering pollution.

To improve the ecological functions of the lake, the Chinese Government has strengthened the afforestation in the lake area. A green belt 30 m wide and 175 km long has been built around the lake. The government has also encouraged local farmers to plant reeds to purify the lake water. Now the reed-growing area has reached some 8,000 ha.

Hebei Secretary on Supervisory, Inspection Work

SK1705123595 Shijiazhuang HEBEI RIBAO
in Chinese 18 Apr 95 p 1

[FBIS Translated Text] Following is the full text of speech made by Cheng Weigao, secretary of the provincial party committee, at the work conference sponsored by the provincial party committee on 17 April:

It is unnecessary for me to repeatedly mention the necessity of enhancing the inspection work because the central and provincial authorities have talked a lot about it. The party's line, principles, and policies; as well as all demands, measures, and methods set for various work, have been focused on the one purpose to have them implemented and exert results. If we fail to thoroughly implement these principles, policies, demands, measures, and methods, they will become empty talk. The current failure in the work of many fields is not due to the inadequate contents of these principles, policies, demands,

measures, and methods, but mainly due to the insufficient and poor implementation of them. Some of them have been even implemented in a distorted way.

The key to successfully conducting the implementation work in this regard lies in the determination of leadership. Leading cadres who are strong in the traits of responsibility and professionalism and who stress practical results in work have not only been good at putting forward opinions on the implementation work, but also paid more attention to the implementation in this regard. They are not only able to personally study problems, to personally offer viewpoints, to personally put forward demands, and to personally organize the implementation in this regard; but are also able to pay great attention to supervision and inspection over the implementation. Some leading cadres have thought a lot about their own business and little about public affairs and have not concentrated efforts on their work. Of these leading cadres, some have often read the manuscript written by their secretary general when talking about their work, left the manuscript after the reading, and have never attempted to grasp implementation themselves; some have always copied the higher authorities' directives indiscriminately when making arrangements for work, in which there are no specific things in conformity with their own situation, thus, their subordinate personnel have had no way to implement their arrangements; and some have never read books and newspapers; never studied the higher authorities' directives; and have always been careless over the work, the higher authorities' directives, and the things assigned by the higher authorities. Of course, such leading personnel do not know how to grasp the supervision, inspection, and implementation of the work. As for their failure in work, these leading cadres often speak plausibly and at length and shirk responsibility onto an objective factor. Although such leading cadres are few in the leading posts at city- prefecture, department-bureau, and county-district levels, they actually exist.

In attaching great importance on the implementation of work, leading organs must depend on the coordination of departments in charge of supervision and inspection. Such departments are the assistants of leading personnel and should refrain from going their own way. They should do things resolutely according to the intention of leading personnel and do a good job in grasping the supervision, inspection, and implementation of arrangements made by leading personnel and of the work assigned by leading personnel. Party committees and governments have so many things to do in arranging and enforcing policy decisions in the year and it is impossible for them to conduct supervision and inspection over every field. They should grasp the big and important

events and by no means should they grasp everything simultaneously. As for big and important events, they should truly carry out supervision and inspection. It is not easy for them to truly clarify the situation in the implementation of a big or important event through supervision and inspection. It is imperative for them to put arduous efforts into it. They should not only make a clear distinction between right and wrong, but also boldly and correctly report the situation to the leading organs without sparing anyone's sensibilities. Therefore, the quality of personnel in the departments in charge of supervision and inspection is very important. These personnel should be good at grasping big events, be willing to bear hardship, be clear about the distinction between right and wrong, tell the truth, truly conduct supervision and inspection, and refrain from "being an official who tries not to offend both higher and lower personnel" and from seeking personal gains by taking advantage of supervision and inspection.

In the course of supervision and inspection, as for some things, departments in charge of supervision and inspection should go deep into grass-roots level units by themselves in order to enhance supervision and inspection. As for a large amount of things, they should assign their subordinate units to carry out supervision and inspection; transfer supervision and inspection to other units; and press other units to conduct supervision and inspection. Among supervisions and inspections currently conducted over various things, which have been assigned by the higher department, transferred by other departments, and pressed to do so by the higher department, some subordinate departments and units have done their job earnestly and the quality of their work has been higher. However, there are still a large number of departments and units that have muddled through their work and not done their job earnestly. As for such a situation, we should apply restrictions. We should establish a time table for assigning and transferring supervision and inspection over things. The demands for quality and a responsibility system should be strictly enforced and implemented.

In determining the situation in the implementation of work conducted by every locality and unit, it is natural for us to first determine the situation in fulfilling the targets of their work. However, the practical quality of implementation and the situation in implementing the important and great things assigned by the higher authorities should also be regarded as one of the important yardsticks in measuring the work done by every organ or unit. In the course of year-end appraisals, the appraisal committee should solicit opinions from the departments in charge of supervision and inspection. It should add points for those who have done the work earnestly and

reduce points for those who have been poor in doing the work. Those who have resisted to take up the regular supervision and inspection, created obstacles in operation, reported false situations, and given shelter to bad persons and things, should be handed over to the discipline inspection and procuratorial departments for strict investigation and proposal by enforcing the discipline.

Hebei's Cheng Weigao on Cadre Assessment Work
SK1805025795 Shijiazhuang HEBEI RIBAO
in Chinese 19 Apr 95 p 1

[FBIS Translated Text] At the provincial meeting on assessing cadres held on 18 April, Cheng Weigao, secretary of the provincial party committee, pointed out: To ensure the successful implementation of various work tasks and the truthfulness of the assessment of cadres, we must make positive explorations for establishing a restriction mechanism and an anti-fraudulence mechanism around the implementation of assessment targets.

After expounding the importance of establishing a strict system on assessing the practical achievements of leading cadres, Cheng Weigao pointed out: Since last year, we have set forth some methods for trial implementation to assess practical achievements of party and government leading bodies and leading personnel of various counties (cities-shi and districts), various cities and prefectures, and various units directly under the provincial authorities. Along with the intensifying of cadre assessment work, some persons, who harbor evil intentions and who are infatuated with fame and official position, will probably be induced to seize this opportunity to practice fraudulence. Hence, the establishment of a strict cadre assessment system must be combined with the establishment of the anti-fraudulence mechanism.

He said: The practical achievements of cadres are objective and authentic, and thus should never be polished and exaggerated artificially, not to speak of being subject to fraudulence. Telling a lie and seeking fraudulent achievements are corrosive behavior in politics, and thus must be checked and punished resolutely. The "statistical law" should be implemented conscientiously. All levels of state organs and all social groups, enterprises, and establishments should provide statistical data in accordance with the pertinent regulations of the state. On no account should they make a false report, hide the truth, refuse to make a report, and falsify and illegally revise statistical figures. Leading cadres should not interfere with statistical departments in exercising their functions and powers according to law and should not presumptuously revise statistical figures. Those found committing the above-mentioned behaviors should be severely punished according to law without any leniency. If statistical departments hide such cases,

they should be investigated and dealt with first. Organizational and personnel departments should coordinate with statistical departments to strengthen the building of the ranks of statistical workers and the system concerning statistical work, to improve statistical methods, to strengthen supervision, monitoring, and inspection of statistical figures, and to strictly prevent the emergence of the cases of "officials producing figures" and "figures-producing officials." From now on, when readjusting leading cadres of statistical departments, the opinions of statistical departments of higher levels must be solicited. At the same time, it should definitely be noted that the assessment of cadres' achievements should be based on figures, but not only on figures. The reason is that among the targets to be assessed, such as the targets on the building of spiritual civilization, party building, the building of democracy and the legal system, and the building of administrative honesty, most are difficult to express in figures. Even for targets that can be measured, the figures do not represent the entirety of the achievements, although they reflect part of the achievements. In assessing the work of cadres, we should overview cadres' entire work performances, including the performances in moral integrity, ability, and diligence. Only by doing so can we make a comprehensive and fair appraisal of cadres' practical achievements.

For this reason, Cheng Weigao demanded that a self-restriction mechanism among leading bodies be established and perfected. In line with the principle of democratic centralism, leading bodies at all levels should establish the system of regularly making a report on the assigned work in order to strengthen the mutual supervision among leading bodies. The supervisory mechanism should also be established and perfected in various other fields. We should make explorations for establishing the system of subjecting cadres, leading cadres in particular, to the supervision by the masses and party members and the system of subjecting cadres to the supervision by media. Meanwhile, regulations should be formulated to organize the implementation of these systems. In this regard, we should give full play to the role of such special organs as discipline inspection, procuratorial, inspection, auditing, and statistical departments, the role of people's congresses in supervising law enforcement and work, and the role of the Chinese People's Political Consultative Conference [CPPCC] in exercising supervision over democracy.

In his speech, Chen Liyou, standing committee member of the provincial party committee and executive vice governor of the province, set specific demands on the province's cadre assessment work.

Zhao Shiju, standing committee member of the provincial party committee and director of the organizational

department of the provincial party committee, presided over the meeting. Attending the meeting were Chen Yujie, deputy secretary of the provincial party committee, Zhou Xin, vice chairman of the provincial people's congress standing committee, and Li Yuehui, vice chairman of the provincial CPPCC committee.

Hebei Secretary on 1st Quarter Economic Situation
SK1805095895 Shijiazhuang HEBEI RIBAO
in Chinese 26 Apr 95 p 1

[By reporter Ma Jianmin (7456 1696 2404): "The Provincial Party Committee and the Provincial Government Hold a Meeting To Analyze the Current Economic Situation"]

[FBIS Translated Excerpt] On 25 April, the provincial party committee and the provincial government convened responsible comrades of pertinent departments directly under the provincial authorities, as well as mayors and commissioners of various cities and prefectures, to a meeting to analyze and research the province's economic operation situation in the first quarter of this year. After listening to the reports made by Shijiazhuang city, Handan city, the provincial planning commission, the provincial economic and trade commission, the provincial economic restructuring commission, the provincial people's bank, and eight other departments, Governor Ye Liansong arranged the several work priorities that should be grasped emphatically at the present stage; and Cheng Weigao, secretary of the provincial party committee, offered the overall idea on the capability of the province's industry to walk out of the plight and effect long-term progress (excerpts of their speeches will be published separately). Chen Liyou, executive vice governor of the province, presided over the meeting. Attending the meeting were Li Zhanshu, standing committee member of the provincial party committee; Gu Erxiong, Liu Zuo Tian, and He Shaocun, vice governors of the province; and Song Shuhua, adviser to the provincial government. [passage omitted]

Cheng Weigao pointed out in his speech: Over the past several years, the province's industrial economy has registered a fairly rapid growth, but the industrial economy remains a prominent contradiction in the province's entire economic development. Successfully resolving this contradiction is not only needed by the overall situation of the entire provincial economic development but is also urgently needed to rapidly reverse the passive situation in industrial production.

After analyzing the province's industrial situation in the first quarter of this year, Cheng Weigao pointed out: At present, the province's industrial development is not good enough. In addition to some deep-rooted reasons,

there are many objective factors for this situation. The major reason lies in our poor work. We should investigate problems from our work with a subjective point of view. In particular, we should investigate why we have failed in the work when our condition is basically the same as that in other places of the country, and then strive to correct and resolve the problems. He added: We should not attribute all the failures in our work to objective factors.

Cheng Weigao stressed: After realizing the first shift of strategy, that is, to "shift the focus of all work to economic construction," the province should firmly and unswervingly promote the second shift of strategy, that is, to shift the focus of the economic work to the efforts of readjusting structure and improving quality and efficiency. Beginning this year, the province should engage in some large-scale actions to effect the second shift of strategy in order to effect a big progress. First, the province as a whole, the industrial front in particular, should energetically conduct the study and propaganda of the great significance of the second shift of strategy. Second, we should actually regard the improvement of economic quality and efficiency as the most important task of economic work. Third, the provincial authorities and all localities should consider the readjustment and optimization of industrial structure as the major content of the Ninth Five-Year Plan. Fourth, we should exert great efforts in supporting the top 100 superior enterprises of the province. Fifth, we should actually cultivate a group of brand-name enterprises and products. Sixth, we should ensure the investment in state fixed assets. Beginning from the period of the Ninth Five-Year Plan, we should not only make the increase margin of this investment higher than the average national level but also make the investment rate attain the average national level. Seventh, we should strengthen "reform, reorganization, and renovation as well as management" to optimize the structure of existing assets. Eighth, we should further strengthen the omni-directional opening to the domestic and outside places, with the areas around Beijing and Tianjin and around Bohai Bay as the focus.

***Hebei Official Calls For Stronger Industries**

95CE0377A Shijiazhuang HEBEI RIBAO in Chinese
23 Mar 95 p 5

[Article by Qin Chaozhen (4440 2600 6966), chairman of Hebei Provincial Economic and Trade Commission: "A Practical Approach to Boosting Our Industrial Economic Strength"]

[FBIS Translated Text] **Major Problems and Dilemmas in Our Current Industrial Structure**

In 1994 Hebei launched a vigorous "three increases, one fall, and one improvement" campaign on the industrial front, bringing about a fine situation in the overall development and operation of the economy. Yet our province is still lagging appreciably behind advanced coastal provinces and municipalities.

As far as sales proceeds are concerned, enterprises in our province hold a low rank compared with those in advanced provinces and municipalities because few of our enterprises have large-scale operations. An analysis of the list of the nation's 500 largest industrial enterprises in 1993 reveals that, though some enterprises in our province were included on the list, they were not in the front rank and were few in number. None of our enterprises was among the top 30 that had an annual sales volume of more than 6 billion yuan. Only 20 enterprises in our province were cited among the 500 strong enterprises in 1993. Their combined sales proceeds accounted for only a little over 3.2 percent of the total sales of the 500 strong enterprises. And some of them held an even lower rank in the list than they had in previous years.

With regard to profits earned, few of our enterprises in major industrial categories held the front rank. If we look at the top 10 high-profit enterprises in 1993 selected by the state from the 17 major industrial categories, including energy, raw and semifinished materials, and processing industries, we will see that only the following few were in our province: The North China Power Group (this enterprise does not belong to Hebei Province alone), which ranked first in the power, steam, and hot-water production and supply category; the Yaohua Glass Group and the East Hebei Cement Plant, second and fourth, respectively, in the building-materials and other non-metallic mineral products category; the Baoding Bank-Note Paper Mill, fifth in the paper and paper products category; the Tangshan Iron and Steel Group Corporation, ninth in the ferro-smelting, forging, and processing category; the Kailuan Mining Bureau, 10th in the coal-mining and dressing category; and the Baoding Synthetic Fiber Plant, 10th in the synthetic fiber category. None of our enterprises was cited among the top 10 in the other 11 industrial categories.

Because of their small-scale operations, enterprises in our province find it hard to turn out brand-name products. A nationwide appraisal of the competitiveness of products on the market in 1993 revealed the following: Among the 34 kinds of daily necessities in the nine categories of products under appraisal, only the "Shuermei" towel produced by our province ranked first in all the three groups of best products, namely, ideal products, practical products, and the 1994 best-buy products. Our "Kaile" photo film ranked third among

the practical products and the 1994 best-buy products. And our "Fuhao" mineral-water flask won second place among the practical products and the first place among the 1994 best-buy products. As to the other 31 kinds of daily necessities belonging to seven categories, including electrical appliances, transportation equipment, kitchen utensils, detergents, foods, and drinks, none of our products was cited. The above appraisal revealed our province's weakness with respect to brand-name and popular products. In fact, this was an indication that our enterprises have fallen behind others in terms of the scale and capacity of operations.

With respect to our industrial structure, there is a striking problem of overlapping operations and small and scattered productive capacities. The U.S. Anheuser-Busch Companies, Inc., makes 10.12 million tons of beer annually. Even its smallest brewery has an annual output of 1.53 million tons. The largest beer producer in our province, the Haomen Brewery Group Corporation, has only a 200,000-ton-per-year capacity. The annual sales of the U.S. PepsiCo Inc., the 51st among the 500 largest industries in the world, is \$22 billion, while the Coca-Cola Co., the 106th largest, has an annual sales record of \$13.24 billion. In contrast, the annual output value of the entire food industry of our province is only 10.2 billion yuan. Guangdong's Jianlibao Group, composed of 30 enterprises, has a 300,000-ton productive capacity for the Jianlibao beverages. Our province has a serious problem in developing this kind of industry: Manufacturers are concentrated in the same area, and many factories are making the same product. In some counties, for example, there are over a dozen almond tea processing factories on the same street. And there is a county which has as many as some 70 or 80 small wineries. Lacking sufficient productive capacity and popularity, these small factories can in no way compete in domestic and international markets, nor can they turn out brand-name and popular products.

In addition, our province has few "dragon head" enterprises that can motivate the development of our local economy.

It Is Imperative To Grasp Key Links and Support the Strong and Superior at Different Levels

To develop a socialist market economy, our enterprises must be more competitive. A prominent feature of the market economy lies in its selecting the superior and eliminating the inferior. To boost their competitiveness, enterprises in our province must correct the problems of "small but complete operations" and "big and complete operations," both of which contradict the principle of socialized mass production. Efforts should also be made to solve the problems of overly dispersed

use of capital and unnecessary overlapping construction and to improve the overall quality of enterprises. Attention should be paid to developing the economy of scale and securing benefits from structural optimization, large-scale operations, and science and technology advances. It is imperative to grasp the key links at different levels, support the strong and the superior, and take timely action to adjust and optimize the product mix and organizational structure of enterprises, boost their strength, improve their economic returns, and beef up their sustained-development capacity. Only thus can our enterprises hold an invincible position amid the increasingly sharp competition on the market. From the perspective of our "reentry into the GATT" and the need for quicker opening to the outside world, it is also necessary to support the strong and superior in developing operations of scale and to form a number of large enterprise groups, up to the standard and sound in reality as well as in name, to take part in international competition as required by the tide of international economic integration, collectivization, and intensification. In short, we should boost the competitiveness of our enterprises.

Grasping the key links and supporting the strong and superior at different levels are an urgent requirement we should meet in order to win greater support from the state in developing our industrial enterprises. The State Economic and Trade Commission is going to organize a "double increase" program. In this program, it will select a number of qualified enterprises for the development of advanced technological transformation projects and see to it that these enterprises increase their investment and work speed in transforming themselves technologically. The concrete method is to select the front-rank enterprises of various industries that can best meet major economic development targets, and give them support—the top three to be supported by the State Economic and Trade Commission, and the next six to be supported by the relevant state-level departments in charge of the respective industries. In view of our province's shortage of capital and the limited self-financing capacity of our enterprises, we should try to win such state-level support as much as possible for the technological transformation of our enterprises. If our enterprises cannot come to the front ranks in their respective industrial categories and, therefore, fail to be qualified for the national "double increase" program, we will lose this support. Because of this, we must grasp the key links, support the strong and superior at different levels, and do well in developing "national team," "provincial team," and "reserve team" projects so that the backbone enterprises in our province will be qualified to receive state support in speeding up their development.

To grasp the key links, we must, in the first place, change our thinking and mindset. Grasping the key links is an important work method. It is imperative to do so in order to develop the economy. However, if we have too many key links or if we regard everything as a key link, there will be no key links, and success in grasping the key links will be out of the question. In our practical work on the industrial front, we have a relatively clear problem: We have too many key links. Some of them are not prominent ones; others are not really key links. Consequently, we have given indiscriminate support to a large number of enterprises, big and small, weak and strong. The result is that these enterprises or their projects cannot be well developed, invigorated, stopped, or eliminated as they should. Experience shows that only when we persist in supporting the strong and superior can we concentrate on promoting important projects and helping strong enterprises to develop quickly. Only thus can our key enterprises, through reorganization, restructuring, and reform, develop operations of scale, turn out brand-name products, become big profit earners and tax contributors, and serve as new growing points in the industrial economic sector.

Second, we should learn from the advanced experience of coastal provinces and municipalities by grasping the key links at different tiers and levels. For the period of the Ninth Five-Year Plan, for instance, Guangdong Province has made the following plan: The provincial authorities will grasp five to 10 enterprises that have a sales record of 5 to 10 billion yuan, and each city will grasp three to five enterprises whose sales have reached 3 to 5 billion yuan. All other enterprises will develop according to the law of economics, either surviving or perishing as the law dictates. Tianjin Municipality puts emphasis on a "2-2-2 Project" in supporting the strong and superior. In this project, the municipal government focuses its attention on two industries, the auto industry and seamless steel tube manufacture—for the former, the target set for 1995 is to increase productive capacity to 150,000 vehicles. Meanwhile, municipal party committee attention is directed to 20 key products made by municipal-level industries, including salt chemicals, elevators, refrigerators, and compressors. And, at the district, county, and bureau levels, efforts are concentrated on developing 200 key products.

Third, we should support the strong and superior at different levels and tiers based on the general idea of "three formations," "one persistence," and "three tiers." By "three formations," we mean that industries with remarkable success in developing operations of scale should form an improved structure comprising large enterprise groups as the mainstay. Each group should

have a comprehensive development plan with a reasonable division of labor among its members to reduce the instances of duplicate production. This will gradually solve the problem of overlapping construction projects and eliminate those irrational enterprises known as small but complete enterprises or big and complete enterprises. Industries depending on the assembling of large numbers of components and parts should form a reasonable system of specialization and cooperation and develop their markets on an appropriate scale. As for those industries that cannot get substantial benefits from operations of scale, we should encourage the development of small factories and allow the coexistence of big, medium, and small enterprises to form a competitive edge based on their large number. By "one persistence," we mean to persist in supporting the strong and superior through the following steps: Choosing appropriate enterprises and products—giving them special support; assisting in their extraordinary development; turning them into pillar industries. Hebei is a province with a vast area and diversified geographic conditions, and its degree of economic development varies from place to place. If we first choose an industry and then develop its products, it is hard to make a correct decision. Instead, we should change our mindset by starting from the enterprises and products. That is, we should select some strong and potentially strong enterprises and products and help them achieve extraordinary development. We should see to it that these enterprises develop their brand-name products, expand their operational scale, and finally become strong pillar industries. By "three tiers," we mean to select key projects and strong enterprises from among those inside and outside the "dragon-tiger project" and give them particular support in all aspects so that they will achieve three improvements (improvement of efficiency due to a better structure, larger operational scale, and progress in science and technology) and one acceleration (acceleration of enterprise development). This should be done at the three tiers of the province, cities and prefectures, and counties. We should make clear the goal and task of supporting the strong and superior and go ahead to develop our national, provincial, city and prefectural, and county teams. Specifically, this work consists of the following: 1) According to the principle of choosing the best from among the best, the provincial authorities should select as targets of support those enterprises (or enterprise groups) which can give the greatest impetus to our province's economic development, have the most significant bearing on building Hebei into an economically strong province, and will achieve a sales volume of over 1, 2, 5, or 10 billion yuan by the year 2000, depending on their lines of production. In supporting those enterprises, the provincial authorities should pool

their financial and material resources and enlist cooperation from the provincial departments and the cities and prefectures concerned. 2) Cities and prefectures should exploit favorable local conditions, select those key enterprises and products that have the potential to score a sales volume of over 1 or 2 billion yuan by the year 2000, and give them special support so they will achieve extraordinary development. 3) All counties and districts should give full play to the favorable economic conditions of their respective localities and selected those enterprises and products that they hope can post a sales volume of over 100 or 500 million yuan by the year 2000 as targets of special support.

Fourth, while striving for the "three improvements and one acceleration," we should devote particular efforts to a "double quickening and double top 10" project based on the mindset of supporting the strong and superior at different tiers. This is a project to quicken the pace of reform and the process of technological transformation and to support the top 10 old and new enterprises. For the top 10 old enterprises, we should select those enterprises, such as the Handan Steel Mill, North China Pharmaceutical Plant, and Yaohua Glass Group, which are already in good shape and in the front ranks in their respective industrial fields in terms of the major economic indicators and which are enjoying a certain prestige nationwide. We should see to it that by the end of the Ninth Five-Year Plan period, the annual sales and earnings of these enterprises will at least double their 1993 records, and the annual amount of their sales will generally exceed 2 to 5 billion yuan, depending on the industrial categories they belong to. Also, by that time, as far as their major economic indicators are concerned, they should rank among the first three or six enterprises in their respective industrial fields in the country and should become members of the "national team." As to the top 10 new enterprises, we should select those enterprises that make technology-intensive and high-value-added products with potential for further development, such as the Hebei Liquid Crystal Plant, Qinghe Sheep Wool Intensive Processing Mill, and Tangshan Gear Works. By the end of the Ninth Five-Year Plan period, these enterprises should lead the province in terms of the major economic indicators, and their annual sales should, in general, reach 1 or 2 billion yuan. They should become members of the "provincial team of strong enterprises," which is the "reserve team" for the "national team."

In selecting enterprises, we should choose not only enterprises whose superiority is apparent, but also those that have untapped superiority. We should pay attention not only to enterprises making end products, but also to those that can strongly motivate the development of

the economy and those that, after receiving support for several years, will be qualified for the "double increase" project and can make giant strides in conducting the reform and transformation of themselves during the Ninth Five-Year Plan period. As to enterprises for the "double quickening and double top 10" projects, we should "continue to support them and carefully select them." We should see to it that they are devoting ceaseless efforts to planning for their future, deepening their reform, and reinforcing their strength. They should persist in combining reorganization with restructuring and transformation, technological progress with operations of scale and intensive production, and the adjustment of current assets with the adjustment of increase in assets. They should also persistently integrate the efforts to develop, spread, acquire, assimilate, and absorb new technologies with the work of transforming themselves technologically. And they should quicken the pace of expanding their operational scale and raising their quality level toward the goal of making their enterprises larger and stronger.

Mongolia Chairman, Deputies Discuss Work Report
SK1705122295 Hohhot NEIMENGGU RIBAO
in Chinese 17 Apr 95 p 1

[FBIS Translated Text] Wu Liji, chairman of the autonomous regional people's government, successively joined in the discussion held on 16 April by the deputies of Hulun Buir league, Hohhot city, Chifeng city, and Xilin Gol league. He also heard the opinions and suggestions raised by the deputies during the discussion on the "Government Work Report."

In voicing their opinions, the deputies of several delegations contended that the government work report had acknowledged the achievements, pointed out problems, and defined tasks. The party's ideological line of emancipating minds and seeking truth from facts has run through the report as a whole. Meanwhile, deputies also voiced their opinions and suggestions in line with the issues of enhancing the basic position of agriculture, of deepening the reform among the state-owned enterprises, of developing non-state-owned enterprises, and of stabilizing commodity prices.

Wu Lijin earnestly listened to the opinions raised by deputies and also held discussions on the relevant issues with them.

As some deputies contended that policies issued by the central authorities and by the autonomous region with regard to protecting and developing the undertakings of agriculture were very good and that the implementation of these policies had not been enough, Wu Liji stressed: Issues concerning agriculture and animal hus-

bandry, concerning rural and pastoral areas, and concerning peasants and herdsmen, have always been the most important ones for the region's economic and social development. The foundation of agriculture and animal husbandry should not be weakened, but be enhanced. Over the past few years, the region has scored very great achievements in developing agriculture and animal husbandry. Meanwhile, it still encounters some problems in development, on which we must attach great importance. Leading personnel at all levels should continuously enhance their leadership over the development of rural and pastoral areas and their service work for development. Various industries and trades should firmly foster the thinking of supporting agriculture and animal husbandry. Meanwhile, units at all levels should establish a responsibility system at their own level so as to implement in a down-to-earth manner various policies and measures for enhancing the undertakings of agriculture and animal husbandry.

As some deputies pointed out that it is necessary to become bolder and to take a quicker step in developing non-state-owned enterprises, Wu Liji agreed with them. He stated: The autonomous region has decided to accelerate the pace in developing township enterprises. Leadership at all levels should discern that developing township enterprises represents an important measure to make the banner-county economy prosperous and an important way to have rural and pastoral areas become better-off. Governments at all levels should put the development of township enterprises in the prominent position of the banner-county economy and continuously implement the principles of "actively giving support, formulating rational plans, carrying out correct guidance, and enhancing the management." They should also enhance leadership; do a good job in rendering services; and improve township enterprises to a new scale, grade, and level. Efforts should be made to support the development of neighborhood-run enterprises and of nongovernmental enterprises. Some small state-owned enterprises that are poor and suffering losses may be turned into nongovernmental ones.

As a number of deputies cited that not only the prices of daily necessities had increased, but also the increased scale in the prices of means of production—including agrochemicals and fertilizer—had been very great and that all of these had directly affected the production of agriculture and animal husbandry, Wu Lijin stated: Stabilizing prices represents a big issue. As compared with the national average level, the region's increased scale in commodity prices last year was not high. However, the level of urban residents' incomes was not high. Therefore, special attention should be paid to this problem. The autonomous region has regarded the work

of resolutely bringing the increased scale of commodity prices under control as a most important task in macro readjustment and control this year and will strive to control the increased scale in the general level of retail prices at about 15 percent. Major contents for price supervision and control are as follows: Efforts should be made to stabilize the prices of grains and cooking oil and to bring under strict control the price increases in the means of agricultural production, which are managed by the region itself. We should make all-out efforts to successfully carry out the construction of "rice bag" and "vegetable basket" projects and bring into full play the main channel role of the state-owned business firms and the supply and marketing cooperatives in curtailing price hikes. We should also enforce strict management over markets, accelerate the development of tertiary industrial enterprises, increase the social employment, and upgrade the level of urban residents' incomes.

Wu Lijin stressed: The autonomous region has put forward tasks for the economic work this year with regard to giving priority to grasping the key to resolutely bringing the increased scale of commodity prices under control; grasping the two focal points of enhancing the undertakings of agriculture and animal husbandry and of deepening the reform among the state-owned enterprises; and grasping the three large steps in developing township enterprises, in opening the region to the outside world, and in increasing financial revenues and curtailing financial spending. Succeeding in these tasks requires units from top to bottom across the autonomous region to unite as one, to pioneer a road of advance, and to push forward in a down-to-earth manner the work in various fields. Currently, governments and leading cadres at all levels must do a good job in protecting, directing, and bringing into play the initiative of vast numbers of people in conducting reform and their enthusiasm in carrying out construction. They should tell the masses the difficulties as they are and clearly present the arduous tasks in reform and development to the mass. By firmly relying on the wisdom and force of the masses, they should make unremitting efforts to fulfill in an overall way various tasks for the region's economic and social development.

Tianjin Development Zone Elaborates 10-Year Plan

OW1805073895 *Beijing XINHUA in English*
0730 GMT 18 May 95

[FBIS Transcribed Text] Tianjin, May 18 (XINHUA) — The economic and technological development zone in Tianjin, the largest port city in north China, has worked out a second ten-year development plan starting from this year.

According to the plan, the zone will strive to produce an annual gross domestic product (GDP) averaging 15,000 U.S. dollars per worker by the end of this century, and increase its development speed at at least 40 percent a year.

To ensure the zone's development, the zone plans to directly use foreign investment totalling 1.2 billion U.S. dollars this year, generating an industrial output value totalling 25 billion yuan, producing 4.35 billion yuan in profits and tax payment, exporting 800 million U.S. dollars worth of products, developing a four-square-kilometer area and increasing the population up to 128,000.

The zone development administration will widen its service and simplify approval procedures for foreign investment, improve its infrastructural facilities, and train more qualified people.

The past decade has seen more than 1,000 enterprises in the zone generate an industrial output value amounting to 28.84 billion yuan, obtain 4.5 billion yuan in profits and 1.76 billion yuan in revenue, and export goods worth 1.28 billion U.S. dollars.

It has developed 16.8 square kilometers, and erected buildings with a combined floor space of 2.5 million square meters during this period.

The zone produced an industrial output value totalling 15 billion yuan last year ranking first among all development zones in the country.

Northeast Region

Shenyang CPC Congress Initiates Personnel Changes

SK1805024495 *Shenyang LIAONING RIBAO*
in Chinese 22 Apr 95 p 1

[FBIS Translated Text] The Ninth Shenyang CPC Congress concluded on 21 April. During the congress, the leading bodies of the city party committee and city Discipline Inspection Commission were elected. Zhang Guoguang [1728 0948 0342] was elected secretary of the city party committee; Zhang Rongmao [1728 2837 5399], Dong Wande [5516 8001 1795], Ding Shifa [0002 0013 4099], and Zhao Jincheng [6392 6855 1004] were elected deputy secretaries of the city party committee. Wang Yang [3769 2254] was elected secretary of the city Discipline Inspection Commission.

Cross-Strait Shipping To Provide 'Mutual Benefit'
*HK1605113395 Beijing ZHONGGUO XINWEN SHE
in English 0956 GMT 16 May 95*

[FBIS Transcribed Text] Beijing, May 16 (CNS) — Comments were given by the Taiwan Affairs Office under the State Council on the proposed "out-of-border" shipping centre to be set up by Taiwan. The spokesman for the office pointed out that the shipping service across the strait should follow the principle of direct shipping for mutual benefit, which was considered in line with the mutual interests of the entire Chinese people. The spokesman noted that the mainland side was ready to hold business-like talks on the cross-trait direct shipping matter at a suitable time.

The official said that the mainland side had long held that direct shipping should be realized as soon as

possible, and that the idea of the shipping centre did not really conform to the direct shipping service expected by the people across the strait. Indirect transport of goods via a third place for cross-strait trade would not solve the problem of two-way direct shipping which was regarded as an urgent priority for sectors in industry and commerce, on both two sides of the strait. Direct shipping should be considered as the best principle to adopt for cross-trait shipping. Such practice is for the sake of all Chinese, and the mainland side welcomed various measures which observed the principle of cross-strait direct shipping to push forward the "three communications", namely direct mail, trade and navigation for the promotion of economic and trade cooperation between the two sides of the strait. The mainland side is ready to negotiate on the direct shipping issue at any appropriate time.

Foreign Ministry: No Word From U.S. on Li Visit
OW1805111995 Taipei CNA in English
0918 GMT 18 May 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — The U.S. Government has so far not informed the ROC of any change in its position on president Li Teng-hui's visit to the United States, Foreign Affairs Ministry spokesman Rock Leng said Wednesday [17 May].

Leng was commenting on a news report that the U.S. may change its mind and allow President Li to visit his alma mater, Cornell University, in New York.

Chang Tsuo-pen, head of a Washington-based organization that promotes Taiwan-U.S. ties, was quoted by the report as saying that he learned the U.S. had decided to lift the ban during a meeting with a close aide to U.S. President Bill Clinton. Chang would not say who the aide was, however.

In spite of the demand of both the Senate and House of Representatives to grant Li a visa, the State Department has said that allowing Li to visit would be inconsistent with U.S. interests and would "unavoidably be seen by Beijing as removing an essential element of unofficiality from U.S.-Taiwan relations."

Leng said Natale Bellocchi, chairman of the American Institute in Taiwan (AIT), sent a letter to the Foreign Affairs Ministry last month informing the ministry that the U.S. Government would definitely let the ROC know of any policy change regarding the Li visit via the AIT and the ROC Representative Office in the U.S. The AIT represents U.S. interests in Taiwan in the absence of official ties.

But Leng said that so far his ministry has not received any such message.

ARATS Agrees to Three Rounds of Preparatory Talks

OW1805023895 Taipei CNA in English
0132 GMT 18 May 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — Taiwan's Straits Exchange Foundation [SEF] and Mainland China's Association for Relations Across the Taiwan Strait [ARATS] have agreed in principle that three preparatory meetings will be held prior to the second Koo-Wang talks, a high-ranking SEF official said on Wednesday [17 May].

SEF Deputy Secretary-General Shih Chi-ping said the meetings will be held May 26-28 and in late June at the

Taipei International Convention Center and in mid-July in Beijing.

At the three preparatory meetings, SEF and ARATS officials will discuss the agenda and decide a specific date for the Koo-Wang talks, which are slated for late July in Beijing, Shih said, adding that the SEF will dispatch personnel to Beijing in mid-July to make necessary arrangements for the talks.

SEF chairman Koo Chen-fu and his counterpart from ARATS, Wang Daohan, first met in April 1993 in Singapore.

Minister Calls For Joint Development of Spratlys

OW1805023795 Taipei CNA in English
0142 GMT 18 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — Interior Minister Huang Kun-huei on Wednesday [17 May] urged countries involved in the dispute over the Spratly Islands to set aside sovereignty issues for the moment and work together to jointly explore for natural resources there.

Huang also ordered the special committee formed to handle the international dispute to hold a meeting before the end of this month. The existing South China Sea policy guidelines will be thoroughly reviewed by the committee, Huang said.

He added that the controversy stemming from last month's aborted fisheries-protection mission by the Seventh Peace Preservation Corps will be discussed as well.

The mission, in which three police patrol boats were sent to Taiping island, the largest of the islets Taiwan controls in the South China Sea, was killed after the boats reached the halfway point to the Spratlys in order to avoid a confrontation with countries that also claim sovereignty over the island group.

Huang was barraged with criticism for his handling of the mission, especially since a departure ceremony was held for the boats, and opposition lawmakers asked him to step down to assume responsibility for the incident.

The Spratlys, a cluster of about 60 islets, are claimed wholly or in part by Brunei, Mainland China, Malaysia, the Philippines, Vietnam, and Taiwan.

Minister: NACS Not Authorized To Consult With PRC

*OW1705134795 Taipei TZU-LI WAN-PAO in Chinese
15 May 95 p 4*

[FBIS Translated Text] Taiwan's National Association of Chinese Shipowners [NACS] will send a delegation to the mainland to hold discussion on the offshore shipping center. This morning, Minister of Transportation and Communications Liu Chao-hsuan commented on this issue, saying that some measures and technical issues can be discussed with the mainland through Taiwan's shipping companies. However, he emphasized that the Ministry of Transportation and Communications [MOTC] did not authorize the NACS to conduct consultations with the mainland.

Liu Chao-hsuan made these remarks in an interview with reporters outside the meeting venue of the Fourth Asian Shipowners' Forum, which opened this morning.

He pointed out that some measures and technical issues related to the offshore shipping center can be discussed with the mainland through shipping companies. Commenting on whether the MOTC has authorized the NACS to negotiate with the mainland, Liu Chao-hsuan said: The MOTC is unable to grant authorization. Any authorization must be secured from the Mainland Affairs Council [MAC].

Liu Chao-hsuan said through communication with Taiwan's shipping companies, Mainland China should soon understand that Taiwan's offshore shipping scheme is a reciprocal and goodwill measure, adding that this scheme only lifts Taiwan's ban on foreign vessels sailing across the Taiwan Strait.

New Strategy for UN Membership Outlined

*OW1805094395 Taipei CNA in English
0847 GMT 18 May 95*

[By Han Nai-kuo]

[FBIS Transcribed Text] Washington, May 16 (CNA) — An American expert on international organizational affairs suggested Tuesday [16 May] that Taiwan should seek to repeal UN Resolution 2758 in order to create a status of dual representation for Mainland China and Taiwan.

Speaking at a seminar on Taiwan's efforts to join the United Nations at the University of Maryland, John R. Bolton, president of the National Policy Forum and a former assistant Secretary of State for International Organization Affairs, said the proposed dual representation would allow Mainland China to continue to hold its seat in the UN Security Council while Taiwan is represented in the UN General Assembly.

In his opinion, this would be a better strategy than seeking admission to the United Nations as a new member state — an approach that would have little chance of getting passed by the Security Council because of Mainland China's veto power.

Bolton said it is possible to repeal resolution 2758 because the general assembly has repealed resolutions adopted by previous general assemblies.

There would be debate, however, on whether repealing resolution 2758 was an important issue requiring a two-thirds majority, he said. But since Beijing insisted vigorously in 1971 that the adoption of resolution 2758 was not an important issue, it would be difficult for the regime to argue that repealing the resolution was an important issue now, Bolton said.

He indicated that he would not favor an incremental campaign for Taiwan to join specialized technical agencies of the UN with the ultimate goal of gaining UN membership because Beijing would oppose Taiwan's membership in the specialized agencies just as vigorously as it would deny Taiwan's membership in the United Nations itself.

Bolton's view was shared by another panelist, Shen Lyushun, director of the Public Affairs Division of the Taipei Economic and Cultural Representative Office in the United States. Shen pointed out that although resolution 2758 resolved the UN representation issue of the 1 billion people of Mainland China, it failed to address the representation question of the 21 million people of Taiwan.

Shen said Taiwan's success in retaining its membership in the Asian Development Bank shows that its UN case is "doable and viable."

Also speaking at the seminar, Robert G. Sutter, senior specialist in international policy at the Congressional Research Service, noted that the US Congress's unanimous passing of resolutions supporting a visit to the United States by ROC President Li Teng-hui shows that the Washington-Beijing relationship is suffering at the moment.

Sutter pointed out that delinking communist China's most-favored-nation status from its human-rights record did not solve any of the issues between the two countries, including human rights, weapons proliferation, trade, Taiwan, Tibet, and Hong Kong.

He said Beijing is sensing that it is now dealing with a relatively weak U.S. administration and therefore is pressing the Clinton Administration very hard on issues related to Taiwan.

On the other hand, the Clinton Administration does not want to have big problems with Beijing. It also does not see any concrete benefits for the United States in helping Taiwan with its bid for UN membership, he said.

However, President Bill Clinton will have to find some way to reconcile the differences between himself and Congress so that he can have a more viable policy on the Mainland-Taiwan-U.S. triangular relationship, Sutter said.

He said it was likely that the U.S. policy would be changed to allow president Li to visit the United States in the next two years.

Trade Sanctions Against Japan 'Major Concern'

OW1705114395 Taipei CNA in English
0848 GMT 17 May 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — Whether the announcement of a preliminary trade sanctions list against Japan on Tuesday [16 May] will affect Taiwan's stock market has become a major concern here, market sources said Wednesday.

The sources, however, noted that they did not see an immediate impact from the U.S. retaliatory move, which will impose punitive tariffs on 13 models of Japanese luxury cars with an eye to opening Japan's automotive market.

Although the US\$5.9 billion in sanctions will be a record high for a single country, its influence on other countries will be limited, as the sanctions only focus on Japanese automobiles, they elaborated.

But they called attention to the possible appreciation of the Japanese yen, which will directly affect Taiwan's foreign trade.

They also called on domestic manufacturers to keep close watch on the development of U.S.-Japan trade ties, saying that if Japan seeks to retaliate for the trade sanctions by limiting imports of U.S. trucks or semiconductors, Taiwan makers might find more trade opportunities there.

Premier Lien Meets New Zealand Trade Minister

OW1805033195 Taipei CNA in English
0129 GMT 18 May 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — Premier Lien Chan on Wednesday [17 May] said the Republic of China [ROC] is very willing to cooperate with

New Zealand in trade, singling out the complementary nature of the economies of the two countries.

Lien made the remarks during a meeting with New Zealand Trade Negotiations Minister Philip Burdon, who arrived in Taipei on Tuesday at the invitation of the ROC-New Zealand Business Council, becoming the first cabinet minister from that country to visit the ROC.

While stressing Taiwan's strong manufacturing base, high-skilled labor force and prime location, Lien expressed the hope that New Zealand can participate in Taiwan's trade and commerce development at a time when the country is trying to build itself into an Asia-Pacific operations hub.

Lien also urged New Zealand to make efforts to attract more Taiwan tourists, which he said would help upgrade economic relations between the two countries. He added that the ROC Government may also consider targeting New Zealand and Australia as part of its "southern strategy" in order to boost bilateral ties with those two countries.

President Li, Swazi King Sign Joint Communique

OW1705125695 Taipei CNA in English
0933 GMT 17 May 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — President Li Teng-hui and Swaziland King Mswati III signed a joint communique at the presidential office Wednesday [17 May] pledging to continue to work closely together for the mutual benefit of the two nations and their peoples.

The joint communique said that President Li and King Mswati have exchanged views on the current world situation and discussed issues of mutual concern, particularly those affecting both Africa and Asia. "Meetings were held in a very cordial and congenial atmosphere," it noted.

Both heads of state stressed that the two countries share the principle that "all nations should desist from the use of force as a means for settling disputes and that political differences, both domestic and international, should be resolved through peaceful dialogue and negotiation while observing the principle of the equality of sovereign nations, and considering of the rights, interests and dignity of their peoples."

King Mswati expressed his desire to have both countries cooperate closely to further promote peace and prosperity in Africa, Asia and throughout the world.

Mswati was deeply impressed with the remarkable achievements attained by the Republic of China [ROC]

in recent years, particularly its political reforms and economic development. He also expressed his sincere gratitude for the varied assistance his country received from the ROC, especially in economic development.

The king admired the ROC's determination and effort to share its development experiences with the rest of the world, and recognized the ROC's contributions in promoting the welfare of the people in Africa and worldwide.

He reaffirmed his continued support for the ROC to regain its membership in the United Nations and other world organizations "in the interest of increasing the benefits of the international community."

President Li expressed his admiration and respect for King Mswati III's outstanding leadership of the Kingdom of Swaziland in furthering political progress, and social and economic prosperity.

While noting the king's great concern for the welfare and prosperity of Africa, Li expressed the hope to work closely with the king in promoting peace and prosperity in Africa. Li also expressed willingness to lend a helping hand to Swaziland's economic development.

Both President Li and King Mswati were pleased with the cordial ties of friendship and cooperation existing between the two countries, the communique noted.

Mswati extended his cordial invitation to President and Mrs. Li to visit Swaziland again, and Li accepted with pleasure the invitation to make another visit to the kingdom at an opportune time. Li made his first visit to Swaziland a year ago.

This is the king's second visit to Taiwan. He first visited here in 1989.

The king and his 28-member entourage arrived in Taipei on May 10 for an eight-day state visit. They left Taipei in the afternoon.

***Defense Journal Views Book on Mainland Invasion**
95CM0165A Taipei CH'UAN-CH'IU FANG-YU
TZA-CHIN [DEFENSE INTERNATIONAL] in Chinese
No. 125, 1 Jan 95 p 22-31

[Unattributed article: "Leap Month August 1995: Comments on the Possibility that the Chinese Communists, According to the Century's Major Prediction, Will Use Military Force to Invade Taiwan"]

[FBIS Translated Text] The book that has been the hottest recently in the bookstores is *August 1995 Leap Month, The Chinese Communists Will Use Military Power To Invade Taiwan, The Century's Major Prediction*. Since this writer first learned about the book in

SHIJIE RIBAO, I have wanted to get hold of it to give it a read, and I want to thank a senior editor for his assistance, as two days ago the book finally arrived from Taiwan. At the final moment I discovered some words written by the senior editor, who asked me to write a "report based on what one has learned," and this I discovered was by design.

I must note that below perhaps I do not have this ability, and what follows is only another viewpoint from this writer after having read the book, which points out my individual viewpoint and questions that arise in my own mind. It provides a reader friendly reference concerning this topic.

In summary, this book's key points corroborate the author's prediction from a political and strategic big picture point of view, that the Chinese Communists will, between 1995 and 1997, invade Taiwan "to complete the glorious task of reunification," and this writer believes that the book indeed is one that people living on Taiwan and concerned with their own fate must read. What follows is only a discussion of some of the major concepts outlined in this book.

The Possibility That the Chinese Communists Will Use Military Force To Invade Taiwan

What should cause the most controversy about this book is its topic: "the chinese communists will use military force to invade Taiwan." In fact, will China attack Taiwan? When will it attack? How will it attack? I believe these are all questions everyone is concerned about.

The analyses of typical international strategic thinkers all indicate that though the potential for the outbreak of a war in the Taiwan Strait exists, over the short term the probability of it occurring is not great, and there are even "academics" who say that "an attack cannot occur within the next ten years." First, whether or not we reach such an arbitrary conclusion we should take the attitude that pursuing research is necessary. Four years ago when Iraq invaded Kuwait, which international strategic "experts" analytically predicted this? In this book the author warns us that we should pay attention to the fact that the Chinese Communist regime in Beijing is brimming with uncertainties, and we cannot only use commonly accepted reasoning to make a judgement. He raises the two examples of the 1950 Korean War and the 1979 "punish Vietnam" war, as corroboration.

Most believe that that Beijing will not use military force to invade Taiwan for the following reasons:

- 1) The United States will not sit by idly and watch

People holding this view believe that when it comes to the Chinese Communists invading Taiwan, the United States, as it did when Iraq invaded Kuwait, will intervene in a Taiwan war in the same way, and provide military assistance to Taiwan, even sending troops for joint defense of the island.

This writer holds that those holding this view do not understand the current political situation in the United States, and are harboring fraudulent views. First, talking about the current situation, the people of the United States are absolutely incapable of being public spirited on this issue, and, as an example, a colleague of this writer believes that the attitude of a typical American can be represented by the following: "In the U.S. historical experience which includes two world wars, the Korean War, the Vietnam War, and the Persian Gulf War, the United States provided money and manpower, sacrificed its own sons, shed blood and sweat, and has already done all that is humanly possible, and now is the time when the United States should mind its own business, and be concerned about its own problems."

In addition, U.S. military power, since the collapse of its number one enemy, the Soviet Union, and in the aftermath of the Gulf War, is undergoing a reorganization, and in order to reduce defense expenditures, the current administration is continuing to reduce the military. Basically, the U.S. military has already rejected the possibility of the occurrence of a near-term large-scale military clash with a strong country like China, and hence also has made no preparation for this type of conflict. Taiwan and the United States do not have direct relations, and sending troops to Taiwan and engaging in a military conflict with China would go against U.S. national interests.

Using the British-Argentine clash over the Falkland Islands as an example, the United States had a military co-operative relationship with both Britain and Argentina, but did not have any military or economic interests on the Falkland Islands, and therefore did not send troops.

On the contrary, Taiwan and the United States only have the Taiwan Relations Act, and what military, economic, or even political interests does the United States have on Taiwan that its administrative organs could explain to the U.S. Congress in sending troops? When it comes to Japan, it is only capable of paying lip service to the idea, because of the obstructed scheme to bring Taiwan into its hinterland, and present day Japan is only an economic superpower, does not have the capital to launch a war with any other country, and also does not dare to offend Beijing.

2) There will be no attack.

This is the view of people who are deceiving themselves as well as others. Anyone who has been to the mainland knows, that they could use the adjective "take off" to describe the mainland's economic situation, and in the past it was possible for Beijing to "only want the atomics and not pants." Now it is also possible that it could follow suit. In the course of China's history there are very few instances where war has been launched for economic or trade interests, and the Chinese Communists are no exception. However, it is also the case that it is not because of a consideration of economic factors that they do not dare to conduct a war, but obtaining Taiwan is equivalent to obtaining the resources of Taiwan, particularly the foreign exchange reserves the Taiwan people are so proud of. After taking Taiwan, after deducting the costs of the war, Beijing would only not lose, but would also make money.

3) As long as Taiwan does not declare independence, there will be no attack.

One must understand that Beijing has not yet announced that it would abandon the use of military force to resolve the Taiwan issue, and has only said that if at some point Taiwan opts for independence, then it would have to use force; it cannot be said that if independence is not pushed, then for certain there will be no use of force.

4) After the passage of more than 40 years, there will be no attack, Beijing does not dare attack, there is no necessity to attack, if Beijing had the capacity it would have attacked earlier.

This writer holds the same view put forth in the book in believing that the reason Beijing has not gone to war, and has not previously attacked, is primarily because there has been no opportunity. When the Korean War broke out, Mao Zedong, in order to purge dissidents and assist the Communist International, entered the war, bringing about the U.S. entry into the Taiwan Straits. In the 1960s, the CPC underwent internal strife, there was man-made famine in China, as well as economic catastrophe, and the Chinese Communists were too busy and lacked the ability to invade Taiwan. And now, the situation on both sides of the straits is in flux, and for Beijing this is indeed a golden opportunity.

In the book it is also pointed out that the reason the mainland has not attacked is that it is waiting for the appropriate opportunity and has not had various factors all come together. Today Taiwan's national defense is being readjusted, its war-fighting capacity is weak, it does not have foreign assistance, and the moment could be termed ripe. The so-called factors are that Taiwan has already moved toward a certain degree of independence, which constitutes pressure on Beijing, because Deng Xiaoping must provide his successors

with political capital in order to guarantee that in the future the mainland will be internally stable. But the greatest political capital would be nothing more than allowing the military to complete its historical mission, arouse nationalism, and cause the whole country to give the central government its unanimous support and back Deng's successors.

On Beijing being absolutely capable of using military force to invade Taiwan, the author believes that "only people urgently seeking current political benefits hold a different view." He sees a profound and mysterious truth in Beijing's national budget allocations, and points out that Beijing's military outlays are five times the publicly declared figure. Citing U.S. Central Intelligence Agency data, he notes that Beijing's national defense budget is as high as 26 billion yuan, roughly equal to \$30 billion, close to 800 billion Taiwan dollars. This is 48 percent of the overall budget, and is also a wartime budget, and cannot be maintained for very long. In addition, comparatively, Taiwan's defense budget proportion is only 2.3 percent of the overall budget, roughly 270 billion Taiwan dollars, and hence Beijing's use of military force to invade Taiwan is imminent. In sum, for the Taiwan authorities, the key is not whether or not Beijing can use military force to invade Taiwan, but rather the opportunity Beijing has to use force.

When it comes to the predictions in this book, the next three years will be the best opportunity, for the following three reasons:

- 1) Deng Xiaoping still can command China's actions.
- 2) Beijing's military power is being reorganized, and national defense modernization will be coming to a close.
- 3) Taiwan's political system is shifting, with direct presidential elections coming, there is a Taiwan independence movement and national defense is being reorganized. In addition, many shortcomings have emerged in military preparedness and equipment upgrade issues, so that the military's war-fighting ability is at its weakest.

After determining that Beijing absolutely is capable of using military force to invade Taiwan, the author believes that in terms of time, Beijing could have the following opportunities to invade:

- 1) In the August leap month of 1995; these months have seen mysterious goings-on in Chinese history.
- 2) In February of 1996; before and after direct presidential elections the society will be in turmoil.
- 3) In July of 1997; around the time that Hong Kong returns to Chinese sovereignty.

As for the above deductions regarding opportunities for Beijing to use force, I would not dare to presume to make an inference, because the data is not sufficient, and I am holding back a bit, hence below I will separately discuss the author's arguments from strategic and tactical perspectives:

The Strategic Perspective

The book analyses things from the regular historical pattern in which China is a unified domain, then the country long divided must be made whole, and when made whole before long is rent asunder, and also proceeds from the perspective of the general trend of regional conformity in the international community, and adds China's fierce nationalism following 100 years of being bullied and humiliated by the big powers and the strong desire for national unification, as well as the advocacy in terms of territorial sovereignty of no tolerance for Taiwan independence.

I fully agree with the author's view, and based on my experience with mainland figures, Beijing, driven by the concept of sovereignty and historical responsibility, absolutely cannot tolerate Taiwan independence. In the past Beijing has taken a wait-and-see attitude towards Taiwan, while closely observing internal political situation and military and economic activity on Taiwan and researching various trends. It has maintained a certain political and military pressure on Taiwan government officials. But in recent years, on Taiwan the political situation has continued to be chaotic, and in terms of foreign affairs it has also been all over the place, on the one hand wanting to enter the UN, on the other sending secret envoys to contact Beijing, expressing a willingness to meet. But often words and actions are different, and confusing to Beijing, which does not know what tricks the Taiwan leadership is engaged in. But in general, looking at the words and actions recently put forth by Beijing, the Chinese Communists believe that Taiwan, because of a power struggle, has a turbulent political situation, the Kuomintang [KMT] is less and less able to control the situation, while Taiwan independence forces continue to gain strength and have already become a hindrance to "peaceful unification" of the motherland, hence some sort of action is necessary. This writer believes that this is the real reason that Beijing has recently conducted several large-scale military exercises in sea areas near Taiwan.

Everyone understands that in terms of determining strategy, one must look at a country's surroundings and the overall environment in the world to serve as a country's strategic guide in analyzing and determining what represents security threats and coming up with counter-measures. For Taiwan, from the past offensive strategy

of "ensuring the security of Taiwan, the Penghu Islands, Quemoy, and Matsu, while waiting for an opportunity to attack the mainland," to the later defensive strategy of "air defense, controlling the sea, and countering a landing," all have been clear to people. But in the past several years, there have been the baffling actions on the international scene of some who freely condemn the Chinese Communist "bandits," which makes us doubt, when it comes to our own future, whether Taiwan in fact does really have a national strategy.

Writing rapidly up to this point, this writer suddenly discovered that the national government is somewhat like Ming Zheng, suffering defeat on the mainland and withdrawing to Taiwan, wanting to return and attack the mainland, vowing to recover the country. For this reason, after arriving on Taiwan, they both only sought complete militarization through use of force and early on were not able to work hard to develop Taiwan by expanding international economic and trade relations to build up national strength, so for them Taiwan was only a "base for resurgence" and not a place to put down roots. Government authorities up to President Chiang Ching-kuo carried out ten major construction projects, intending to overcome this psychological barrier. Of course, their frame of mind is understandable, but today Taiwan's various mainland versus native and ethnic antagonisms can all be said to stem from this.

The Tactical Perspective

According to the offensive operational plan described in the book by the author, its basic principle would be to use high-tech weaponry and fifth-column infiltrated plants to directly assault and destroy Taiwan's political centers and combat command system, at one fell swoop disintegrating organized resistance, and then the main army would bear down and liberate Taiwan.

The author believes that Beijing will not use the method of surrounding the island with a blockade, cutting off Taiwan's foreign trade routes in order to force Taiwan to surrender. This is because the time required is too long, and it would have a great secondary effect on Beijing's economy and trade, giving rise to an international dispute, have an impact on China's own economic development, and even providing Taiwan with ample time to pull out its people and capital, while giving the international community time to jointly consult, and react with countermeasures. Add to this the risks of a blockade and the return is reduced.

Beijing also will not undertake a traditional frontal across-the-water landing operation, no matter whether it first occupies the outer islands and then seizes Taiwan, or whether it directly lands on Taiwan, as both require the mobilization of too many troops and logistical

support and casualties would also be high. This would also involve relatively heavy destruction on Taiwan and give the international community even more time to fight back and an opportunity to counter with sanctions.

Because of this point, this writer continues to hold the attitude that it is important that Beijing must not let the situation become like that of Iraq, and impatiently strike out, but after presenting a fait accompli, then contend with the international community, because this is an "internal political question," and as long as Beijing puts up bluster, which country will dare to make enemies of the 1 billion Chinese mainlanders for the sake of Taiwan? And since it would be an encircling blockade, cutting off Taiwan's foreign communications channels, how could Taiwan's capital and talent pull out?

This writer has only done his own deduction of the situation and his own analysis, and according to the description in the book, Beijing's actions on D-Day would be as follows: First, using crack redesignated 8341 Central Guard troops, penetrating Taiwan's interior to attack political centers and launching a lightning assault on Taiwan's communications and command centers (or using the Second Artillery Corps and Navy surface-to-surface missiles to destroy these), paralyzing the political and command systems, and then shock brigades would occupy airfields and ports.

Official combat activity will follow, and after the PLA Navy, using its absolute numerical superiority and coordinated surface-to-surface missile destruction, allows Beijing to obtain absolute control of the air, the paratroop forces and rapid reactive troops dispatched by the Jinan Military Region, which is responsible for strategic mobile operations, along with the infiltrated troops, will control the major airfields and ports north of the Zhoushuixi River. Then south of the Zhoushuixi River, with the Guangzhou Military Region responsible for the attack, the entire main army force will go into action with the Navy's marine corps leading the way, and under the command of the Nanjing Military Region, they will act as post-invasion follow-up units.

When it comes to the above described invasion scenario from the book, this writer has another viewpoint, and I would like to raise these personal observations:

First, I believe that the redesignated crack 8341 Central Guard Unit is absolutely capable of infiltrating Taiwan. This is also a consistent maneuver of the Communist forces. The Vietcong, prior to the 1968 Tet Offensive, infiltrated a large number of personnel and weaponry and ammunition stores, using small quantities and multiple trips, surreptitiously transported material past inspection stations, and stored it in various major cities in South Vietnam in underground organized storage

points. Then, on New Year's Eve night, everyone was sent out at the time for setting off firecrackers, and using the sound of the firecrackers to cover the sound of the guns, they attacked various local television and radio broadcasting towers, and assassinated important government officials and military police chiefs. Included in these attacks was one in Saigon on the U.S. Embassy, which attracted the most attention.

The former Soviet Union's special forces most important task, prior to the Warsaw Pact forces invading Western Europe, was to attack various important political and military facilities, and assassinate important government officials and military police chiefs, thus paralyzing the national command level, creating chaos, and delaying the reaction time of NATO in organizing its forces, allowing the former Soviet mechanized forces to push deep into enemy lines, and, before mobilization was completed in the various NATO countries, to rapidly seize and occupy various important political and military strongpoints, leaving NATO no way to organize resistance.

A few years ago, after the lifting of martial law, when smuggling activity was flourishing and coastal defenses were weak, it seemed that one could be certain that Beijing had not already used this opportunity to infiltrate large numbers of people from the sea. Several years later, one can imagine that they have assembled detailed intelligence on various important political and military targets. During the Persian Gulf War, detailed information on targets within the Iraqi capital of Baghdad had by and large been gathered by U.S. citizens visiting the city for business or sightseeing, and intelligence and control units should have been somewhat prepared for this.

For television and radio stations conducting direct spot reporting via satellite, from what this writer knows, the above described scenario is not very likely. Nevertheless, after occupying a number of major television and radio broadcasting stations, they will have recorded tapes and videos to broadcast saying that the PLA is already in control of the situation, with Beijing central government statements calling on people to abandon all resistance, which would be sure to create even greater chaos.

In addition, as for assaults against communications and command centers, if the military's Combat Command Center were attacked, would it be successful? This writer maintains the attitude that military organizations, particular the Combat Command Center, are all heavily guarded and could not be destroyed by the assault of a small force, and it must be said that putting on military police uniforms and marching a long way

straight through and directly taking over is the kind of plot one sees in a movie or novel. Any disciplined troops that are cut off in the middle of communication should be able to independently conduct combat according to the operational plan, and also will not submit to any orders where they have not yet verified the source. Only if the nationalist military's discipline really breaks down would the situation reach an incurable position, and if things were really in this state, whether the Combat Command Center was or was not under enemy control would be immaterial. In addition, one need not talk about the entire island of Taiwan, but only about Taipei City and, at the same time, control of several airfields, various major broadcasting stations, and communications and control centers, which is a trivial matter, and 5,000 troops would be capable of completing this task (former State Security Bureau Chief Song Xinlian [1345 1800 3425] once noted that Taiwan still has 3,000 Communist spies). Of course, one would want the same probability as before of prior infiltration of large numbers of people, but if there were difficulties in maintaining secrecy, they could not conceal it for long.

When it comes down to the brief 30 minutes after an attack is launched, it is not very probable that the surface-to-surface missiles of the Second Artillery Corps and Navy will directly bomb and destroy the small number of radar stations, airfields, and communications and command centers that refuse to accept Beijing's instructions, paralyze the command system, and annihilate Taiwan's organized resistance activity. No matter what the range of the surface-to-surface missiles, when it comes to the M-family of medium range mobile missiles, they are a type of ballistic missile, and their accuracy and circular error probability (CEP) cannot match the precision of cruise missiles. When going against point targets that are defended, such as radar stations and communications and command centers, it will be very difficult to completely destroy the target unless the warhead's destructive power is very large.

Airfields are large area targets, and only if a nuclear warhead is used, or if many direct hits are scored and positioned in just the right places, will it be possible to cutoff the runway and make it so aircraft do not have sufficient ground roll distance thus rendering take offs difficult. Only then will the goal have been achieved. In addition, if the runway is destroyed, how can it be used by the Chinese Communist rapid reaction troops? If they only use golf courses to land on, under conditions where there are no landing vehicles to provide mobility, how would they assemble from being dispersed at various golf courses? Walking would be too slow, the significance of airborne mobility would be lost, and

there would be no way to carry sufficient equipment and ammunition. If they only rely on golf-course airborne parachute landings to solve the supply problem, then how would they solve the problem of supplying artillery and other heavy equipment? Could they only rely on lightly equipped paratroopers to handle the mechanized forces of the Nationalist Army?

In terms of the military forces arrayed on both sides of the Taiwan Strait, the author indeed has expended a lot of effort, and knows that Beijing's strategic mobile forces are stationed in the Jinan Military Region, the 15th Airborne Army, and the subordinate 43rd, 44th, and 45th Divisions. Nevertheless, within the author's simulated action timetable, in the first 30 minutes after the attack is launched, that is, 30 minutes after midnight, after surface-to-surface missiles directly bomb and destroy a small number of radar stations, airfields, and communications and command centers that refuse to accept Beijing's instructions, over 1,000 Communist Chinese warplanes are on the point of entering Taiwan's airspace, escorting more than 10,000 airborne troops for parachute landings at various golf courses and helicopters transport rapid reaction units to directly enter various strongpoints. The transport planes land at various airfields, and several tens of thousands of amphibious forces, originally doing a march south drill, turn around in the Bashi Channel, and coordinate with the mainland coastal amphibious forces and all production fishing boats, and travel at double speed to land on Taiwan's coast.

This writer is afraid that the situation deduced by the author has some unrealistic ideas. First, during the period of the Persian Gulf War, within that vast air region, the allied airforces were operating for 24 hours a day, and they used 3,000 airplanes, what would have been the purpose of sending out more than a thousand planes for one target at one time? Would it be reasonable to achieve air dominance and at the same time be engaged in escorting transport aircraft? Within the combat radius of Beijing's warplanes there are in all how many airfields that could supply troops to be used against Taiwan? What about takeoff intervals, formations, airspace planning, and wouldn't such a fleet require airborne refueling? For this large a force to be carrying out airborne combat, mission planning would be very important. For example, during Operation Desert Storm, at one airfield on one occasion launching an attack employed more than 60 aircraft, including air defense suppression, electronic jamming, high-altitude cover, ground bomber, and reconnaissance aircraft, and this did not include airborne warning and control system aircraft (AWACs), and refueling aircraft. Warplane takeoffs, landings, and reach and breakaway from mission area times were cal-

culated down to the second, and if from beginning to end the error exceeded one second, the entire mission was called off. Having more than 1,000 warplanes at one time enter Taiwan airspace is a bad dream when it comes to the command and control units on both sides of the Strait (I personally do not agree, but some military experts assert that Taiwan's sea and air space could only hold less than 400 warplanes at the same time engaging in combat operations). If Beijing really mobilized more than 1,000 warplanes simultaneously poised to enter Taiwan's airspace, I am afraid that this type of flight planning, air space allocation, and control capability, are all beyond the present capacity of Beijing's airforce.

Before establishing complete air superiority, carrying out airborne operations would go against logic, and how would one suppress the anti-aircraft artillery surrounding airfields? What about airborne and ground emergency takeoffs of interceptors? While only relying on assault troops to attack airfields, and coordinating this with surface-to-surface missile destruction, wouldn't their whole number be wiped out? When considering things in this manner, how will the higher echelons of the PLA handle Hawk surface-to-air missiles? The Persian Gulf War proved that after the large-scale destruction of the Iraqi air defense system's combat control centers, radar stations, airfields, and surface-to-air missile positions, the threat from the Iraqi army's surviving point defense systems could still not be overlooked, and the third day after the air war was launched, January 19th, is the day the allied air force losses were the most serious, with a total of eight planes downed, including half that number due to surface-to-air missiles.

Second, the PLA Air Force in total has 50 transport aircraft squadrons, with roughly 250 Yun-5s (An-2s); 16 Yun-7s (An-24s); 25 Yun-8s (An-12s); 100 or so Li-2s, Il-14s, Il-18s, Y-11s, and Y-12s; and 18 Trident transport aircraft. It has approximately 400 helicopters, including some AS-316B Skylarks, SA321 Super Wasps, Z-5s, Z-8s, Z-9s, four Bell 214s, six AS332 Super Leopard Cats, eight BO-105s, and 24 S-70s. Of these the following are suitable for use by airborne parachute troops: Only 16 of the Y-7s, with each aircraft capable of transporting 30 paratroopers; 25 Y-8s, with each capable of carrying 58 paratroopers; 60 or so An-26s, each capable of carrying 25 paratroopers; for a total capacity to carry only 3,430 paratroopers. In calculating all the transport aircraft the PLA Air Force can mobilize, while transporting airborne rapid reaction troops landing at various major airfields, could they nevertheless also have more than 10,000 airborne troops, and how would then handle heavy weapons and equipment, vehicles, artillery, and ammunition? Without these, could they tenaciously

defend airfields and various golf-course drop areas? If they could not, how would they obtain follow up units and reinforcements?

Regarding the above-mentioned scenario in which helicopters are used to transport rapid reaction units to get directly into various strongpoints, of Beijing's available helicopters, the Mi-6s and Mi-8s have large transport capacities, but they are few in number, with only around 40, and there are also not many Z-8s and Z-9s, while their combat range on average does not exceed more than 100 nautical miles, meaning that if they flew and did not land and refuel, they could not return, and Beijing also has no helicopter carrier, hence there is not a great probability that helicopters could be used to transport rapid reaction units into assault positions.

Another aspect of the struggle for air superiority over the sea area off Taiwan is that the PLA Air Force, in terms of numbers, has absolute superiority and can use more than 6,200 aircraft of various types, and when it comes to numbers, it is second only to the Soviet Air Force, being number two in the world. These aircraft include 200 fighter/interceptor squadrons, which have 350 F-7 (MiG-21) interceptors, 300 F-5 (MiG-17) fighter-attack planes, 3,000 F-6 (MiG-19) fighters, 200 F-8 A-model combat interceptors, and 55 F-8 B-model combat interceptors; 120 combat/attack aircraft squadrons, with nearly 500 Qiangwu ground attack aircraft; 42 bomber squadrons, with almost 500 B-5 (Il-28) bombers, 120 B-6 (Tu-16) bombers, and 80 Tu-4 bombers. Reconnaissance squadrons contain 130 JZ-5s, 90 JZ-6s, and 40 HZ-5s.

If there is a war of attrition, our airforce has 300 F-5Es, 60 F-104Gs, and several dozen IDFs, so of course this could last no more than 10 days to half a month. But if the PLA Air Force adopts the author's proposed large-scale attack method, it would certainly experience fierce resistance from Taiwan's Air Force, and things would reach a point where, although it could destroy Taiwan's Air Force and wrest control of the sea, the PLA Air Force would certainly pay a high price, and those slow moving transport planes carrying airborne troops would also certainly suffer major losses.

In terms of naval combat, the author believes that the PLA Navy would not have much to do following its primary missions of pinning down troops and transporting follow-on units. But this writer holds that even if the Chinese Communist offensive operation went off as described in the book, the Navy's operations would all be very important. The book also raises the issue of amphibious landings, with the PLA Navy landing forces having 38,000 men, hence the question remains, is the PLA Navy's fleet transport capacity sufficient for this?

Using the present 50 or so amphibious landing combat vessels, how would it be possible to transport sufficient personnel and equipment if there is no port seized in a timely manner, how could follow on reinforcements be transported, and wouldn't the Navy face resistance?

Taiwan's Navy has 14 U.S.-manufactured Gearing FRAM I and FRAM II class destroyers, five U.S.-manufactured Allen M. Sumner-class destroyers, four U.S. Fletcher-class destroyers, three Peary-class frigates, three U.S. Knox-class frigates, one U.S. Rudderow-class patrol boat, nine U.S. Lawrence- and Crosley-class patrol boats, one defense artillery boat, 52 missile fast attack craft, 16 patrol fast attack craft, four submarines, 13 coastal minesweepers, 35 landing craft, 26 landing boats, and four personnel transport vessels. The Navy aviation unit has 12 500MD anti-submarine helicopters and 12 S-70C anti-submarine helicopters. And of all these, just the four submarines and 50 missile fast attack craft would be sufficient to give the PLA Navy a headache.

In terms of the PLA Navy, it is organized into North Sea, East China Sea, and South China Sea Fleet Command Units, the Navy aviation units, and some directly subordinate units. The major equipment includes:

Destroyers: 14 Luda-class guided missile destroyers; two Gulf-class guided missile destroyers;

Patrol boats: five Henan-class patrol boats; two Hedong-class missile patrol boats; 22 Hehu-class missile patrol boats; four Chengdu-class missile patrol boats;

Submarines: three Xia-class nuclear guided missile submarines; four Han-class nuclear attack submarines; three Ming-class submarines; one GOLF-class submarine; 88 ROMEO-class submarines; 15 WHISKEY-class submarines;

Small combat craft: 121 Wasp-class (Osa) missile fast attack craft; 70 Jiangkou-class (Komar) missile fast boats; 320 Shanghai-class fast gunboats; 20 KRONSTADT-class corvettes; 48 Hainan-class corvettes; 110 Huchuan-class hydrofoil torpedo boats; 69 P-6-class torpedo boats; 81 P-4-class torpedo boats; 300 other gunboats including Huangpu-class, Yulin-class, and Shandong-class boats;

Mine boats: 32 Soviet-made T-43 class oceangoing mine sweepers; 20 Fushun coastal minesweepers;

Amphibious landing combat vessels: six Yukang-class military vehicle landing craft; 13 U.S.-made military vehicle landing craft; 25 Yudao- and Yulin-class landing craft; 150 mechanized landing craft; 300 general purpose landing craft;

The PLA Navy aviation units use more than 800 various types of aircraft, including: 150 B-5-model bombers; 80 B-6-model bombers; six divisions use approximately 500 F-5, F-6, and F-7 combat interceptors and A-5 model ground attack aircraft;

Ocean patrol/anti-submarine aircraft: 10 Be-6 seaplanes; seven sea B-5s; 50 Z-5 helicopters; 13 Z-8 helicopters; and 40 Z-9 helicopters.

The Navy's escort capabilities are quite sufficient, but in a situation where the Chinese military does not enjoy absolute air superiority, one of my doubts is: How can amphibious units dare launch operations?

Conclusions

Having gone through the above discussion, this writer holds that if Beijing uses military force to invade Taiwan, the most likely scenario is that it would first use an air-sea siege, economic blockage, coordinated with threats to use M-family surface-to-surface missiles, engaging in intimidation, "using war to compel peace," and using Taiwan's political turmoil. It would be likely that those political figures that could flee early on would flee, those seeking peace would sue for peace, and within a day this could produce hundreds of Chin Kueis [traitors], who as long as it was possible to preserve their own power and position, would sell out the 21 million people of Taiwan, and accept a humiliating unconditional surrender. Later, if the goal of a "forced peace" is not achieved, then Beijing would conduct a lightning attack, and a rapid war would be fought to determine a rapid solution, and Taiwan would be quickly occupied.

For this reason, the Taiwan authorities should clearly recognize that maintaining potent national defense forces is an absolute necessity. But a strong national defense does not only involve weaponry, even more important are the people operating the weaponry and equipment, otherwise it would be the same as the Sino-Japanese War of 100 years ago. With only modern weaponry, but lacking the coordination of new use concepts and tactical methods, even if one possesses the best quality weaponry, it is wasted. Taiwan's internal political situation is not unified, and the social costs are not yet clear of other factors such as: The ruling political party is internally divided and there are political corruption, a financial void, no rule by law, economic growth bottlenecks, capital flight, and the hollowing out of production. Military personnel do not have a social position, morale is dropping, treatment is

not good, and add to this the fact that high levels are not thinking about reforming and re-establishing the system and meddle in military personnel matters. The country understands the problems, but differs on what to do about them, thus creating soldiers who do not know for whom they are fighting and why they are fighting. On the one hand there are no isms, no ideological troops, and the situation is like the warlord period early in the republic. How will it be possible to achieve victory? In reality this is also the reason Beijing certainly wants to uphold the guiding and leading role of communism.

At present where Taiwan's problems lie is in the island country mentality—the structure is too small; various administrative measures and legislative bills are short-sighted in nature, only pursuing immediate interests; and because men revise the law, when someone amends the constitution, he is cloaking rule by men in the clothing of rule by law. In order to keep clear of some complex problems and achieve quick results, seeking temporary relief is not a permanent cure and completely lacks a program for generations to come. Regardless of future development, the most recent problems are accumulating more and more, and in a short time absolutely could produce a serious crisis.

Just as the book describes, Taiwan at present finds itself at a watershed where it is flourishing and not declining, there is order and chaos, and grandness and decline, and whether or not it is able to break out and again ascend to the next level will depend on everyone working hard together over the next several years.

Finally, this individual holds that regardless of whether Beijing does or does not use force to attack Taiwan, our mentality should become one of "don't count on the enemy not coming, count on yourself having prepared for it." This includes not hesitating to psychologically prepare for war, having politically enlightened reform, continuing to flourish and move forward economically, having the various ethnic groups unite harmoniously, and having national defense forces really expand in strength and quality. If ignorance and presumptuous self-complacency and self-importance still exist, and there is still luxury and dissipation, then we will only be known for opening up the door and beating ourselves, and history will absolutely and mercilessly obliterate us. When the time comes it will be like Kuwait, which paid a bloody price, but Kuwait still has Saudi Arabia where it can take refuge, what about us? I am afraid we could only become refugees at sea.

Hong Kong

Reportage on Lu Ping's Remarks at Economic Seminar

Views Land Leases

OW1805081695 Beijing XINHUA in English
0632 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — Land leases granted in Hong Kong after 1997 will not be subject to a time limitation and all contracts and agreements can go beyond year 2047, a senior Chinese Official said here today.

In his speech at an economic seminar attended by more than 1,000 people here today, Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, said that Article 5 of the Basic Law of the Hong Kong Special Administrative Region (SAR) has a provision for 50 years but it only refers to the capitalist system and way of life in Hong Kong.

He said that it can not mean that everything has to have a 50 year limitation.

Being unchanged for 50 years does not mean that there will be changes after 50 years, he said, adding that the Basic Law itself also has no time limitation.

According to the Basic Law, the period of land leases granted or renewed before June 30, 1997 cannot go beyond June 30, 2047. "The question is whether this means that the period of land leases granted after 1997 can only go to June 30, 2047?" he said.

The Basic Law has no clear guideline on this except that under Article 123, it is mentioned that land leases shall be dealt with in accordance with laws and policies formulated by the SAR on its own.

Lu Ping pointed out that the period of land leases has no connection with the social system practiced. On the mainland, socialism is practiced and the period of land leases granted generally is also around 50 years.

Therefore, he said, the period of land leases has no automatic relation with capitalism being practiced in Hong Kong.

On the other hand, the question of the period of land leases granted after 1997 is already authorized by the Central Government to be handled by the SAR Government and shall be something within the SAR Government's responsibilities.

"We do not believe that we need to have a limitation on year 2047. All contracts and agreements can, according to needs, go beyond year 2047," he said.

Speaks on Public Servants

OW1805080995 Beijing XINHUA in English
0632 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — China's principle in handling the question of the public servants in Hong Kong is that the fewer changes made the better, said Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council.

In his speech at a seminar attended by more than 1,000 people here today, Lu said that all the 180,000 public servants in Hong Kong are already familiar with the operation of the Government and one can not foresee how one can find another group of individuals who are not familiar with the operation of the Government to replace them.

He said that stability in the public service is one of the important factors in maintaining Hong Kong's long-term stability.

He stressed that "the 180,000 public servants are a great asset for Hong Kong people" and their experience and abilities must be treasured.

"Accordingly by July 1, 1997, except for the 20-odd principal officials who have to be nominated to the Central People's Government for appointment, all other public servants can remain in their original posts and continue to work," Lu Ping said.

In other words, on the morning of July 1, 1997, they do not need to wait for any new instructions. They can all return to their original offices and be at their original desks to continue to work, he said.

Lu Ping also assured some public servants who have accepted the British Nationality Scheme that after 1997 they will definitely not be discriminated against nor unfairly treated.

"We oppose the British Nationality Scheme because firstly it is in breach of the promise made by the British Government under its memorandum to the Sino-British Joint Declaration and secondly it is not conducive to stability," he said.

As for those public servants who have accepted the British Nationality Scheme, unless they are the principal officials, they shall not have any problem because there will be no restriction, he said.

If they wish to become principal officials, he went on, "what they need to do is simply to abandon the British Nationality Scheme."

Regarding the appointment of the principal officials, Lu Ping noted that the appointment by the Central People's

Government is substantial and not symbolic. "We want to appoint the right person to the right post," he stressed.

"We do not need to know about the personal private affairs of the public servants but we also object to anyone who may use personal private information to influence or to put pressure on the public servants after 1997," he said.

However, he said, there are certain situations that the Chinese side must know about, including nationality, the British Nationality Scheme and whether or not the individuals are permanent Hong Kong residents.

He said that the Basic Law clearly specifies that anyone who has accepted the British Nationality Scheme can not be a principal official and that such a restriction also applies to the 20-percent limitation on the Legislative Council election.

"I honestly do not see the necessity to keep the British Nationality Scheme confidential. If one wishes to grant the British Nationality Scheme to anyone, he should do so openly and not secretly unless there is some purpose behind that can not be disclosed," he said.

Lu Ping pointed out that all arrangements involving China's resumption of the exercise of sovereignty over Hong Kong with effect from July 1, 1997 are between the Chinese and British governments.

Hong Kong is to be handed back by the British Government to China and then the Central People's Government is to authorize the Hong Kong SAR to practice a high degree of autonomy.

In fact, he said, matters involving the handover had already been agreed by the Joint Liaison Group in 1989. The agreement is that the British Government will hand over all property and files to the Chinese Government and then the Central People's Government will hand those to the SAR Government without removing them from Hong Kong.

Although this may be just a question of ceremony, it is also a matter of basic principle. Otherwise, the entire foundation of the Joint Declaration is destroyed, he said.

"We therefore must insist that if the British Government refuses to hand over the files to the Central People's Government, it will constitute a serious breach of the Joint Declaration," Lu Ping said.

Discusses Final Appeals Court

OW1805075495 Beijing XINHUA in English
0623 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — Lu Ping, China's top official on Hong Kong and Macao affairs, here today clarified several points of

confusion concerning the establishment of Hong Kong's Court of Final Appeal (CFA).

Addressing a seminar attended by more than 1,000 people on Hong Kong's role as an international financial center beyond 1997, Lu revealed for the first time the agreement reached between the Chinese and British sides in 1991 on the issue of CFA.

He said that in August 1991, the Sino-British Joint Liaison Group (JLG) reached an agreement on the composition of judges for the CFA.

Under the agreement, Lu Ping said, "the CFA shall be made up of four permanent judges, one of whom shall be the Chief Justice. When the CFA is in session, there shall be five judges, four permanent judges and one non-permanent judge."

The future CFA shall have two lists of non-permanent judges, according to the agreement. One list will be made up of local people who are qualified to be judges and can include retired judges or individuals from the legal profession. The other list shall comprise overseas individuals who are qualified to be judges and can include judges from other common law jurisdictions including those who have specialized knowledge in certain fields, for example oceanic law, patent law, etc.

When the CFA is in session, the fifth non-permanent judge shall, according to needs, be selected from one of these two lists to sit.

Lu Ping said that "the so-called four to one ratio is not the ratio between local judges and foreign judges, it is the ratio between permanent judges and non-permanent judges."

Another point he clarified concerns the nationality requirement on judges.

Lu said that "the nationality requirement on judges is very loose" under the Basic Law of the Hong Kong Special Administrative Region (SAR). "Only the CFA Chief Justice and the Chief Judge of the High Court of the HK SAR shall be Chinese citizens who are permanent residents of the SAR with no right of abode in any foreign country. With respect to all other judges, there is no restriction on nationality."

The Basic Law also stipulates that judges and other members of the judiciary shall be chosen on the basis of their judicial and professional qualities and may be recruited from other common law jurisdictions.

"Therefore, in reality, permanent judges of the future Court of Final Appeal may have non-Chinese citizens who are foreign judges recruited from other common

law jurisdictions," Lu Ping said. "As for the non-permanent judges, this may also be the case."

Lu Ping said there are other questions surrounding the CFA, such as the judicial jurisdiction and the procedures for appointing judges. "These questions have not yet been discussed and the understanding of the JLG was that these questions will be further discussed so that they will be in accordance with the Basic Law," he added.

He said, "For reasons that we all know, since the JLG reached a preliminary agreement in August 1991, the British side has delayed two years and eight months before it handed a draft bill on the Court of Final Appeal for discussion at the JLG. In addition, the bill has only completed its amendments this February before it was offered for discussion."

China still hopes to resolve the CFA question as early as possible, Lu Ping said, but it has to be in strict accordance with the agreement reached by the JLG in August 1991.

He urged the British side to adopt a cooperative attitude on the CFA question so that no negative consequences will be left with the future HK SAR.

Speaks on SAR

OW1805074595 Beijing XINHUA in English
0627 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — A senior Chinese official here today assured everyone in Hong Kong [HK] that after 1997 the freedom to enter or leave the Special Administrative Region (SAR) is fully protected.

Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, said that the Basic Law of the Hong Kong SAR stipulates that the HK SAR shall issue SAR passports to Hong Kong permanent residents who are Chinese citizens.

Addressing a seminar on enhancing Hong Kong's role as an international financial center towards 1997 and beyond, he said that at present, the design of the SAR passport has been completed and some final changes, especially in the area of fraud prevention, are now being made on the basis of people's suggestions.

Once the final design is fixed, the SAR passport will be introduced to various countries to solicit their agreement on visa abolition, he said.

On the question of whether the SAR passport can be issued before July 1, 1997, he said that the Basic Law stipulates that the Central Government shall authorize the HK SAR Government to issue SAR passports to

all Chinese citizens who hold Hong Kong permanent Identity Cards.

Since the SAR is not established until July 1, 1997, the SAR passports can only be issued after July 1, 1997, he said.

"We can certainly do all the preparation work ahead of time, so that by July 1, 1997 the SAR Government can issue the SAR passports as soon as possible," he said.

This should not affect the freedom to enter or leave the SAR after 1997 because all travel documents which are being used by HK residents today can continue to be used after 1997. That includes CIs [Certificates of Identity], DIs and BNO [British National Overseas] passports, he said.

Regarding BNO passports, the Chinese memorandum to the Sino-British Joint Declaration on the Question of Hong Kong has already specified that after July 1, 1997, BNO passports will be treated as travel documents, and holders of BNO passports can continue to use them to travel to other states and regions, he said.

However, he said, after 1997, since Hong Kong is no longer under the British administration, the question asked is whether holders of BNO passports have the right to return to the SAR. That will be one of the considerations by other governments in allowing BNO passport holders to enter their territory.

According to Lu Ping, the Chinese and British sides have also reached an agreement that the British government can put a stamp on the BNO passports certifying that the holder of such a passport also holds a Hong Kong permanent resident certificate and that permanent resident certificate allows the holder the right to return to Hong Kong.

Addresses 'Right of Abode'

OW1805072595 Beijing XINHUA in English
0628 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — All Hong Kong residents who have the right of abode in Hong Kong before 1997 will continue to enjoy such rights after 1997, said Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council.

At a seminar here today, Lu said that there are quite a lot of foreigners who, under the existing Hong Kong immigration rules, will not enjoy the right of abode in Hong Kong even though they have lived in Hong Kong for seven years.

These people, he said, can perform a simple procedure after 1997 to demonstrate that they have adopted Hong

Kong as their permanent residence and they can then become permanent residents of Hong Kong and enjoy the right of abode.

He said, "There may be some Hong Kong residents who were Chinese citizens and originally had a right of abode in Hong Kong, but later they moved overseas and acquired a foreign nationality. Hence they ceased to be Chinese citizens. If these individuals return to Hong Kong, will they still enjoy the right of abode?"

Lu Ping admitted that the question is complicated. However, he said, "We believe that we should adopt a lenient policy, which does not contravene the Basic Law, to handle the situation."

He said that Hong Kong residents who have emigrated overseas and have obtained a foreign nationality are no longer Chinese citizens. If they return to Hong Kong, according to the Basic Law, they would have to be treated as persons not of Chinese nationality and they would be required to reside in Hong Kong for a continuous period of not less than seven years and take Hong Kong as their place of permanent residence before they would become permanent residents of Hong Kong.

"We have considered that since the Basic Law will only come into effect in Hong Kong on July 1, 1997, we may be able to handle this situation flexibly," he said.

China's preliminary suggestion is that for all individuals who were originally permanent residents of Hong Kong, if they return to Hong Kong to reside before June 30, 1997, they can retain their permanent resident status after July 1, 1997.

Individuals returning after July 1, 1997 will have to be treated according to the Basic Law.

But Lu Ping was quick to add, "If there are better ways to resolve this, which are both flexible and do not contravene the Basic Law, we would like to hear about them."

He said, "Our basic principle is that we welcome overseas immigrants to return to Hong Kong and that they will not be discriminated against or unfairly treated."

Official Challenges Lu Over Appeals Court

*HK1805065495 Hong Kong EASTERN EXPRESS
in English 18 May 95 p 1*

[By Sally Blyth, political correspondent]

[FBIS Transcribed Text] A senior British official has openly accused China of lacking the political will and sincerity to set up the court of final appeal before 1997.

The leader of the British team in the Joint Liaison Group, Hugh Davies, told Eastern Express that China should come out and commit itself to setting up the court before the 1997 handover.

Davies's comments, made in a rare on-the-record briefing, are bound to spark off another war of words during the week-long visit to the territory by Lu Ping, the Director of the Hong Kong and Macao Affairs Office.

Davies challenged Lu to reassure Hong Kong people that China will respect the rule of law in the territory after the handover by announcing Beijing's endorsement of the bill setting up the court.

Challenging China's decision to call for the Preliminary Working Committee to consider alternative models on the court, Davies said he sees no reason why there cannot be an agreement on the court of final appeal bill.

"They (China) have accepted that we have an agreement, and they want a court set up before 1997. Therefore, why ask the (PWC) to consider an alternative?"

However, he said it is "difficult to believe that there was the political will" for an agreement to be reached on the issue.

He also rejected earlier accusations by Lu that Britain has put up fresh obstacles to an agreement on the financing of the new airport.

"Lu Ping's comments on the airport are not accurate. The suggestion that Britain has put forward new ideas at the last minute is not the case.

"As a commitment to the new airport project, Lu should also announce China's backing for the financial-support agreements for the airport while he is here," Davies said.

On the controversial court of final appeal, Davies said Beijing agreed to talks late in the day, despite being given a copy of the bill almost a year before the first round of discussions took place.

Davies also responded to a report by Eastern Express that China has demanded restrictions be placed on the court of final appeal's powers.

It is understood that during the last round of talks on the issue, Beijing proposed that there be a "post-verdict remedial mechanism", which would enable decisions by the court to be overturned by Beijing.

"A court of final appeal is a court of final appeal. It is difficult to understand what they mean... It is not something which has to be spelt out in the bill," Davies said.

If China wanted to explore what a remedial mechanism means in practice, it should wait until the court is set up, he said.

Davies also rejected demands by Beijing that the court should have no power to inquire into the "constitutionality" of laws.

China believes the jurisdiction of the court should not include "acts of state" or "national interest".

Davies said there was no need for this to be spelt out in the bill setting up the court.

U.S. Congressional Amendment on 'Boat People' Viewed

Move May 'Hijack' Plan

HK1805090495 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 pp 1, 3

[By Scott McKenzie]

[FBIS Transcribed Text] A radical move in the United States Congress could hijack the international plan on Vietnamese boat people.

The South China Morning Post believes the move has prompted Britain to launch urgent damage control measures to prevent the collapse of Hong Kong's repatriation scheme.

The U.S. House Committee on International Relations has drafted an amendment to a crucial finance bill which asks for US\$30 million (HK\$231.75 million) to re-settle up to 20,000 boat people in the U.S. — a move which would dash hopes of completing the Vietnamese programme on time.

Government officials, United Nations administrators and many refugee advocacy groups claimed the move was irresponsible in presenting false hopes to many asylum seekers and in the potential it had to wipe out the initiatives necessary to complete the long-running Comprehensive Plan of Action [CPA].

They say the proposal could also spark a fresh exodus from Vietnam of people hoping to gain resettlement.

The Post understands that British diplomats in Washington have been ordered to begin lobbying Republican and Democrat congressmen to stop the progress of the amendment. Top government officials in Washington said yesterday that even if the legislation ultimately failed to be passed, the damage of it having been proposed and debated at a multi-party level would be an enormous setback for Hong Kong and the U.S.

In Hong Kong, repatriation administrators acknowledged that the Republican-led move in Congress came

at the worst time possible for Hong Kong which had seen a positive turnaround in recent weeks on its voluntary repatriation programme.

Hong Kong Refugees Co-ordinator Brian Bresnihan said the U.S. administration had been made aware of Hong Kong's concerns through British Washington-based diplomats and the American Consulate General in Hong Kong.

Mr Bresnihan said he was closely watching the progress of the amendment and noted that it had not yet been debated by the full House of Representatives.

The amendment, attached to the important State Department Authorisation Bill, must go through several stages of discussion before it can be passed, but most factions involved in the return programme said it was the damage it caused just in debating it that would be most felt.

"This proposal could stop the Hong Kong repatriation plan dead in its tracks," said one source.

Sponsored by the chairman of the U.S. House Committee on International Relations, Benjamin Gilman, the amendment arose out of advocacy by human rights group SOS Boat people.

If it were to be passed, Mr Gilman is proposing that the US\$30 million be used to resettle a huge group of screened out asylum-seekers in the U.S. on humanitarian grounds.

Congressional aide Joseph Rees, who visited Hong Kong Vietnamese detention centres last month, said that the screening system applied in Hong Kong was seriously flawed and that between 15,000 and 20,000 people of the 40,000 remaining in the region's detention centres would be re-settled in the U.S. under the proposal. He said the people affected were largely those with links to the U.S. military, the forces of the former South Vietnamese military, Catholics, Buddhists and a group of minority Hmong people being detained in Thailand. Mr Rees is the staff director of the House sub-committee on International Operations and Human Rights.

Sources in Hong Kong say the effects of the moves in Washington were reflected by the Vietnamese population in Hong Kong last week when inmates of the High Island detention centre mounted violent opposition to an extraction raid to remove 38 people for deportation.

The U.S. administration has reacted angrily to the proposed legislation with a spokesman re-affirming Washington's commitment to the plan of action which had been laid out to the international community in March.

The spokesman said the bill would only undermine it if it were passed. "The CPA is like a treaty obligation and we have endorsed the various elements," she said.

A United Nations High Commissioner for Refugees spokesman in Washington said the proposal was a serious threat to the voluntary repatriation programme in Hong Kong and in other countries of first asylum in the region.

If the amendment gains support as it goes through the process towards being ratified, an authorisation bill could be passed as early as July and almost certainly by August. The funding would be available in the next financial year starting on October 1, 1995.

The international community has ordered that all Vietnamese in the region be repatriated by the end of this year. Hong Kong has been given the "first few months" of next year to complete the task because of the larger numbers being held in the territory.

Editorial Views Proposition

HK1805090895 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 p 22

[Editorial: "A Constructive Plan"]

[FBIS Transcribed Text] In Hong Kong, where having to accommodate tens of thousands of Vietnamese boat people over the past 16 years has tended to harden people to the genuine fears and suffering of those screened out as non-refugees, it is sometimes easy to forget that their plight still arouses guilt and anguish in the United States. Unfortunately for countries of first asylum, American politicians tend to be equally blind to the havoc created on this side of the Pacific by their attempts to expiate that guilt.

The latest Congressional manoeuvre — a bill to set aside US\$30 million (about HK\$232 million) to resettle screened-out Vietnamese in America — is no exception. There are 40,000 screened-out boat people now awaiting either voluntary or forced repatriation in detention centres all round East Asia.

Under the international Comprehensive Plan of Action (CPA), to which the U.S. is a signatory, all remaining boat people in the region are to be repatriated by the end of the year. Hong Kong, with by far the largest contingent, has been given an extra three months grace, but no more. Yet news of the bill will put a stop to voluntary repatriation and could set off a flood of new arrivals as non-refugees once again pin their hopes on resettlement. The CPA will be in ruins.

It does not much matter whether the move is cynically motivated Republican point-scoring against a Democrat

Administration, or a genuine expression of popular feeling: the result will be the same. Nevertheless, if the bill's sponsors sincerely want to make up for the years of U.S. inaction, it would be far more constructive to allocate the money to development projects in Vietnam designed to provide new opportunities for returned boat people.

If modelled on the highly successful European Union programme they could provide jobs, loans, retraining and other services to attract new volunteers for repatriation. Now that some ties have been restored the U.S. could send its own monitors to Vietnam to back a United Nations team ensuring no returnees are persecuted.

That way, America could stop punishing Vietnam and the rest of Asia for its defeat two decades ago and concentrate instead on helping the millions whose livelihoods the war destroyed.

Further Reportage on Vietnamese Repatriation Issue

Program Returns 84 Migrants

OW1705140395 Beijing XINHUA in English
1314 GMT 17 May 95

[FBIS Transcribed Text] Hong Kong, May 17 (XINHUA) — A group of 84 Vietnamese migrants returned to Vietnam today under the Orderly Repatriation Program (ORP) of the United Nations High Commissioner for Refugees, according to a government spokesman.

The returnees, comprising 33 men, 28 women, 11 boys and 12 girls, were mainly from the High Island Detention Center.

The spokesman said that most of them arrived in Hong Kong in 1988 and 1989. Only two arrived here last year.

The group brought to 1,271 the total number repatriated on ORP flights since November 1991, he said.

He said that a total of 44,952 Vietnamese migrants have been sent back to Vietnam since March 1989 and there are now about 23,563 Vietnamese migrants remaining in Hong Kong, he said.

More on Deportation

HK1805090295 Hong Kong SOUTH CHINA
MORNING POST in English 18 May 95 p 3

[By Scott McKenzie]

[FBIS Transcribed Text] A Novice Buddhist monk who set himself on fire during a detention centre raid last week was among 84 Vietnamese deported yesterday.

About half the group, deported as part of the Government's forced repatriation programme, were involved in violent confrontations at the High Island Vietnamese detention centre when security forces were sent in to remove those who had not left voluntarily.

The novice monk, Vuong Thanh Binh, who burnt himself to protest against his deportation, was carried on to a Royal Brunei charter aircraft used.

He was one of five people carried by security forces. He had tried self-immolation after leading rooftop prayers among protesters. He failed, and was treated for minor burns mainly to his legs.

Most of those sent back yesterday arrived in Hong Kong in 1988 and 1989. Two arrived last year.

The group brought to 1,271 the total number deported under the Orderly Repatriation Programme since November 1991.

Refugee Coordinator Brian Bresnihan said the Government was determined to repatriate all screened-out Vietnamese migrants.

"There is no future for them in Hong Kong and the best option for them is to volunteer to go back," he said.

Coverage of Latest PWC Panel Meeting

Panel Closes Meeting

OW1705133995 Beijing XINHUA in English
1248 GMT 17 May 95

[FBIS Transcribed Text] Hong Kong, May 17 (XINHUA) — The 17th Meeting of the Political Panel of the Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) ended here today.

During the two-day meeting, the sub-group discussed its working report which will be submitted to the PWC's plenary session that is to be held in Beijing on June 22.

According to C.Y. Leung, one of the conveners of the panel, the report covers six subjects involving the establishment of the advisory bodies and the institutions of the first session of the SAR Government, the composition and the stability of civil services, and the establishment of the Court of Final Appeal.

The panel also discussed the arrangements for direct suffrage in electoral districts for the first session of the Legislative Council and implementation of the Basic Law's principle that proportion of the members of the Legislative Council who are not of Chinese nationality or who have the right of abode in foreign countries does not exceed 20 percent of the total membership.

In addition, the panel decided to hold its 18th meeting in Beijing from July 19 to 20.

Meanwhile, members of the PWC economic panel has arrived here this afternoon and from May 18 on, the panel will hold a seminar and its 16th meeting in Hong Kong.

More on Closing

HK1705150295 Beijing ZHONGGUO XINWEN SHE
in English 1326 GMT 17 May 95

[FBIS Transcribed Text] Hong Kong, May 17 (CNS) — The 17th session of the political sub-group of the Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), a two-day session, ended today in Hong Kong. Today's session discussed the working report which will be put forward at the 5th plenary session of the PWC's political sub-group next month.

Leung Chun-ying, leader of the PWC's political sub-group, briefed reporters on main points from different parts of the report:

1. The design and relevant issues about the consultative organization for the first SAR Government;
2. The design of the structure of the first SAR government and the extension of major officials for the first SAR Government;
3. The problem of stability about ranks and systems of public servants;
4. The specific arrangement for the geographically-based direct election for the first Legislative Council, and how to actually implement the stipulation of the Basic Law that cites "permanent residents of the Region who are not of Chinese nationality or who have the right of abode in foreign countries may also be elected members of the Legislative Council of the Region, provided that the proportion of such members does not exceed 20 percent of the total membership of the Council".
5. The opinions in principle about the Court of Final Appeal for the SAR.

The report will also include the working planning for the second half of this year and two concrete proposals: one on the draft plan for the committee for the Basic Law, and the other on the inaugural oath of relevant persons, including the content of the oath.

The 18th session of the PWC's political sub-group will be held on July 19 and 20 in Beijing.

Zhou Nan Views Financial Status After 1997

OW1805015795 Beijing XINHUA in English
0139 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — With the closer cooperation between Hong Kong and the mainland of China in the financial business after 1997, the status of Hong Kong as an international financial center will be further reinforced and developed, a senior Chinese official said here today.

He noted that although the financial markets in Shanghai and other coastal regions in China are taking shape, they are incomparable with that of Hong Kong in terms of size, the degree of modernization and links with other world financial centers.

Zhou Nan, director of XINHUA NEWS AGENCY Hong Kong Branch, made these remarks here this morning in his opening address at a seminar organized by the Preliminary Working Committee Economic Subgroup of the Preparatory Committee for the Hong Kong Special Administrative Region.

The seminar draws wide attention from various circles in Hong Kong and China and from the international financial community.

At the seminar, Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, is to give a keynote speech on major issues concerning Hong Kong's transition.

Wang Qiren, chairman of the Bank of China, Joseph C.K. Yam, chief executive of the Hong Kong Monetary Authority, and John M. Gray, chairman of the Hong Kong and Shanghai Banking Corporation Ltd., are to address the seminar on Hong Kong's status as an international financial center.

Karen Elliott House, president/international of Dow Jones and Co. Inc. of the United States, Tasuku Takagaki, president of the Bank of Tokyo Ltd. of Japan, Chattri Sophonpanich, chairman of the Bangkok Bank Public Co. Ltd. of Thailand, Alan Walters, vice chairman of the AIG Trading Group of the U.S., and Michael Freyche, president of the Association Francaise Des Banques of France, will speak on the global perspective on Hong Kong as an international financial center.

Chen Yuan, vice president of the People's Bank of China, and Edgar W. K. Cheng, chairman of the Stock Exchange of Hong Kong Ltd., are to lecture on Hong Kong's relation to Chinese Mainland's financial market development.

Zhou Nan stressed that China has all along regarded Hong Kong as the principal source of foreign capital and funds.

The cumulative amount of overseas capital introduced from Hong Kong to China has accounted for over 60 percent of the country's total foreign investment, he said.

In the past 16 years, there has been an increase of 40 folds in the loans provided by the Hong Kong financial institutions to mainland banks and enterprises, which manifested that the relationship between Hong Kong and the mainland is of paramount importance to the development of Hong Kong's financial business, he said.

Zhou said that the process of China's fast economic growth since its reform and opening-up 16 years ago has basically synchronized with the birth and development of Hong Kong as an international financial center, and the development of China has instilled great vitality in Hong Kong's economy.

Thanks to the sustained, stable and fast development of China's economy, Hong Kong has not only profited from good returns on investment capital and high value-added financial services, but also realized the expansion and modernization of its financial industry, increased its attraction to the world as the international financial center, and became the most important capital center in the Asia-Pacific region, he added.

Zhou pointed out that during the latter half of transition to the years beyond 1997, maintaining Hong Kong's economic stability and prosperity and preserving and enhancing Hong Kong's status as the international financial center are not only in the interests of Hong Kong and China as a whole, but also in the interests of the international industrial and business communities and investors.

He added that the Basic Law of the Hong Kong Special Administrative Region has provided comprehensive legal guarantee for the strengthening of Hong Kong's status as an international financial center.

The time-tested and effective systems and policies currently in force in Hong Kong must be adhered to and should not be changed randomly, he said.

Bank Head Stresses Global Financial Center Role

HK1805145295 Beijing ZHONGGUO XINWEN SHE
in English 1223 GMT 18 May 95

[FBIS Transcribed Text] Hong Kong, May 18 (CNS) — The Bank of China Group (BOC) has set their roots in Hong Kong to grow together with the economical development of Hong Kong. The BOC therefore has no intention before and after 1997 to take the place of any other financial institutions nor to take a monopolistic

role in the Hong Kong market, said Wang Qiren, managing director of the Bank of China at a theme seminar titled "Towards 1997 and Beyond Enhancement of Hong Kong's Role as an International Financial Centre".

We all know that a prosperous, stable and open business environment is what BOC and the Hong Kong enterprises need, so that we can enjoy healthy development, said Wang. For the long time since we have been here, the BOC has complied with the principles of fair market competition and the laws of Hong Kong with a view to improve the standard of our scope of operations, as well as the quality of our service with splendid development being our ultimate aim.

At the same time, we are glad that we have been able to remain on very good terms with fellow-bankers and win the trust of the community. In the days to come, we promise we will enhance closer co-operation with our fellow-bankers and together we will work hard to uplift the role of Hong Kong as an international financial centre.

Based on the above principles, may I reiterate, stressed Wang, the BOC has no intention, before or after 1997, to take the place of any other financial institutions nor to dominate the Hong Kong market. Although the BOC is rapidly expanding, there is still room for improvement compared with fellow-bankers in Hong Kong. Even with the BOC becoming bigger and stronger, we will strictly adhere to the market rules of the game to compete with other banks fairly, and work hard for the benefit of Hong Kong.

Wang further said that as 1997 is approaching, people from all walks of life in Hong Kong will be delighted that the BOC will make a greater commitment to contribute to the stability of the Hong Kong monetary market. As one of the major banking groups and note-issuing banks in Hong Kong, the BOC has the responsibility of working closely with the Hong Kong Monetary Authority (HKMA) and fellow-bankers to keep the monetary system stable, hence sustaining Hong Kong's role as a major international financial centre.

'Roundup' on Dollar's Status After 1997

OW1805110595 Beijing XINHUA in English
0932 GMT 18 May 95

["Roundup" by Li Huailin: "HK Dollar's Status Not To Change After 1997"]

[FBIS Transcribed Text] Hong Kong, May 18 (XINHUA) — It is widely acknowledged that the stability of the Hong Kong dollar is vital to maintaining Hong Kong's position as one of the world's financial centers.

With the approaching of the year 1997, most Hong Kong people believe that the HK dollar can not be replaced by other currencies in circulation in the future Hong Kong Special Administrative Region (SAR) as is stipulated in the Basic Law.

But there are still some people who worry that the status of the HK dollar might be replaced by the Renminbi (RMB) yuan, the legal tender of the People's Republic of China, after 1997.

"Such worry is baseless," said Wang Qiren, chairman of the Bank of China.

At an economic seminar attended by more than 1,000 people here today, Wang said that according to the principle of "One country, Two systems", HK SAR will be fully independent for its monetary system and policies.

He stressed that the status of the Hong Kong dollar as the sole legal tender in the HK SAR can not be changed.

Alan Walters, vice chairman of AIG Trading Group of the United States, said that contrary to what some people have said, there are many successful examples of two monetary and legal systems with one State.

He said that Scotland and England were part of the United Kingdom from 1601. But they had different legal systems and different currencies until 1844.

He said that the two legal systems, two currencies, two fiscal regimes will continue to exist in Hong Kong and in China after 1997, and "it is certainly in China's interests that Hong Kong should retain its unique status."

Chen Yuan, vice president of the People's Bank of China, said that after 1997, the Hong Kong dollar and the RMB yuan will remain the respective legal tender in the two areas with their different social and economic systems in one sovereign country.

He said that as Hong Kong will have an independent monetary system, its system of currency issuance and management will also be independent, which has been stipulated clearly in the Basic Law.

The monetary authorities governing the two currencies will issue and manage their currencies in accordance with their respective regulations.

On the question of the HK dollar's status in China after 1997, Chen Yuan said the HK dollar "will still be regarded as foreign currency in China."

At present, the RMB yuan is not a freely convertible currency, but "even when it becomes so, it will serve

no more than an additional currency for transactions on the Hong Kong exchange market," he said.

As for the cross-border circulation of the two currencies, he said it is a natural extension of the currency circulation accompanying increasing contacts between Hong Kong and the Chinese mainland. "We do not think it will influence the legal status of the currencies," he added.

Shenzhen Chief Rejects Zone Privilege Suspension

*HK1805074095 Hong Kong HONGKONG
STANDARD in English 18 May 95 p 8*

[By Amy Liu and Peter Chan in Shenzhen]

[FBIS Transcribed Text] The party chief of Shenzhen has rejected suggestions that privileges granted to special economic zones should be suspended, saying the zones should continue to play a pioneering role in exploring the country's market reforms.

Li Youwei, the party secretary of Shenzhen, said yesterday the city would continue to enjoy the privileges granted to it by central government.

And he dismissed as narrow-minded the argument that preferential policies be dropped in favour of developing poorer western regions.

"The view that the SEZ [special economic zone] has taken advantage of other areas is a narrow-minded one," he said yesterday.

Mr Li made the comment at the opening ceremony of the city's annual Chinese People's Political Consultative Conference.

The zone, designated by paramount leader Deng Xiaoping, was in the interests not only of Shenzhen's development but the country as a whole in terms of exploring market-oriented policies, he said.

"This is not just a privilege for Shenzhen," he said, adding that new policies had to be pioneered somewhere.

Shenzhen has been a showcase city for some time.

It has offered foreigners a valuable glimpse of Chinese development.

But some economists have recently suggested that Beijing should drop all its preferential policies.

They say such changes would create a fairer and more competitive environment for a market economy.

Officials from inland provinces have pressed the central government to change its policies and focus on the development of poorer northern and western regions.

This would narrow the growing income gap between regions, some officials say.

Meanwhile, Chinese President Jiang Zemin said during his visit to Shenzhen last year that the zone could be made even more "special".

Mr Li quoted Mr Jiang's statement yesterday, saying Shenzhen would not change its fundamental SEZ policies or status and would continue to pilot economic reform.

However, he said Shenzhen would no longer be depending so heavily on preferential policies for its development. The city would underpin its development by boldly exploring economic reforms.

Shenzhen would also try to increase its ties with Hong Kong in the run-up to 1997, he said.

Meanwhile, the Shenzhen municipal People's Congress will start its six-day annual meeting today.

Mr Li will step down as mayor after the meeting and Li Zebin has been tipped to replace him.

Six Hong Kong businessmen will be appointed members of the congress.

All have substantial business investments in the city.

Their appointment has been viewed as a move to strengthen communications between Shenzhen and Hong Kong before the transfer.

The Hong Kong members to be appointed are Eddie Leung, the executive chairman of Dailywin Group; Dr Yeung Bing-ching, the managing director of Miramar Enterprise Co Ltd; Wan Sitt-kam, the chairman of Hong Kong-listed Firststone International; Yu Panglin, a private property developer in Hong Kong; Lam Lap-fung, the chairman of Chinawilly International and Tsui Ching-tong, the elder brother of the New China Hong Kong Group chairman Tsui Chin-tong.

Article Urges Study of Foreign Media Presence

*HK1805064895 Hong Kong TA KUNG PAO
in Chinese 16 May 95 p a9*

["TA KUNG Tribune" article by Wei Wu (4885 2976): "Chinese Side Has Need To Worry About and Study the Issue of Foreign Media Stationed in Hong Kong After 1997"]

[FBIS Translated Text] Not long ago, a certain newspaper carried an article entitled: "Unnecessary and Legally Unfounded: An Issue That the Chinese Side Must Refrain From Studying," and the following arguments can hardly be founded: "In accordance with the Sino-British Joint Declaration and the Basic Law, the Hong Kong

Special Administrative Region is to enjoy a high level of autonomy, with the exception of defense and foreign affairs, which will be under the charge of the central Government in Beijing; the rest will be taken care of by the SAR government on its own. Most foreign media fall into the category of private enterprises, and the issue of their setting up offices in Hong Kong does not fall into the diplomatic category, as diplomacy concerns the relations and behavior between two governments. Such being the case, Article 157 in Chapter VII: "External Affairs" of the Basic Law stipulates that "The establishment of foreign consular and other official or semi-official missions in the Hong Kong Special Administrative Region will require the approval of the central people's government."

The first argument in the article deals with the relationship between the central authorities and the Hong Kong SAR; the line of reasoning is incomprehensive, inaccurate, and generalizes the whole with an one-sided view. Hence it is misleading. External affairs and defense of the SAR are to be taken charge of by the central people's government; that point has been stipulated in Articles 13 and 14 of the Basic Law; however, it is incorrect to say that "the rest will be taken care of by the SAR government on its own." According to the Basic Law, aside from taking charge of the external affairs and defense of the SAR, the central government has authority and functions in other aspects: The appointment of the chief executive and major officials (Article 15), to make the decision that the region is in a state of emergency (Article 18), to exercise the power of interpreting the Basic Law (Article 158), and to exercise the power to amend the Basic Law (Article 159). The Basic Law is very neat in structure. The relations between the central authorities and the Hong Kong SAR in various aspects are defined in its preamble, general principles, and other chapters and articles. These relations should be grasped from the entirety of the Basic Law, and no absolute explanation should be made based on one or two articles. With respect to specific articles, deviation from the one country-two systems legal framework, and from the stipulations on the legal status of the Hong Kong SAR, is likely to lead to a conclusion that deceives oneself, as well as others, and that misleads readers.

The second argument in the article deals with the issue that the central government should refrain from studying the issue of foreign media setting up offices in Hong Kong; however, the grounds (Article 157 of the Basic Law) it cites cannot support the argument, but refute it precisely. "Most foreign media fall into the category of private enterprises," meaning that there are still some foreign media that fall into categories other than that of private enterprise, namely governmental or semi-governmental organizations. Should that be the case, the central government naturally must seriously study and draw a conclusion on the issue of foreign media setting up offices in Hong Kong after 1 July 1997 based on the stipulations of Article 157.

To deal with press freedom as well as other issues, one should not deviate from the framework of the Basic Law, nor should one deviate from the legal status of the Hong Kong SAR; otherwise, foreign governments may do whatever they like in the PRC's Hong Kong SAR through various governmental and semi-governmental organizations, or through disguised governmental and semi-governmental organizations they set up in Hong Kong. As for the legal status of the Hong Kong SAR, one should not single out "a high level of autonomy" to stress in a one-sided way its "peculiarity and autonomy"; one must include such basic important factors as the fact that the Hong Kong SAR is an inseparable part of China, a country with a unitary system, and that it is a local administrative region of China under the direct jurisdiction of the central people's government. In other words, it is imperative to have a comprehensive understanding of Articles 1 and 12 of the Basic Law, which stipulate the legal status of the Hong Kong SAR.

This author has no idea about the truthfulness of the newspaper's information that "U.S. media are concerned about coming to Hong Kong and setting up offices after 1997; the Chinese side is studying whether or not it is necessary for the foreign press to apply for stationing in Hong Kong after 1997." If that is true, based on the spirit and articles in the Basic Law, the Chinese side should study the issue. This is not only legally grounded, but is out of realistic need to ensure China's recovering sovereignty over Hong Kong, and to safeguard the stability and prosperity of Hong Kong.

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